Austria	Sch22	Indonesia	Rp3100	Portugal	[illegible]
Bahrain	Din0.650	Ireland	IR£0.70	Singapore	[illegible]
Belgium	BFr45	Italy	L1700	Spain	Pta145
Canada	C$1.00	Japan	Y180	Sri Lanka	[illegible]
Cyprus	C£0.90	Jordan	[illegible]	Sweden	[illegible]
Denmark	DKr10.00	Kuwait	[illegible]	Switz.	[illegible]
Egypt	E£2.25	Lebanon	[illegible]	Taiwan	NT$65
Finland	Fmk7.00	Lux	LFr45	Thailand	[illegible]
France	FFr6.50	Malaysia	[illegible]	Tunisia	[illegible]
Germany	DM2.20	Mexico	[illegible]	Turkey	[illegible]
Greece	Dr120	Morocco	Dh6.25	UAE	[illegible]
Hong Kong	HK$12	Neth.	Fl3.00	USA	$1.00
India	Rp15	Norway	NKr10.00		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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JAPAN'S TAXES

A bribery scandal threatens reform

Page 3

World News

West German hostage in Lebanon may be released

The extremist Shia Moslem group known as the Holy Warriors for Freedom said it would free West German hostage Rudolf Cordes, held since January 1987. A subsequent statement demanded the presence of West German, Iranian and Syrian representatives at a Beirut hotel before the release would take place.

MEPs to see Arafat

Socialist members of the European Parliament maintained plans to meet Yassir Arafat, chairman of the Palestine Liberation Organisation, despite protests from Jewish organisations across the EC. Page 2

Burma poll spurned

Opposition politicians and demonstrators in Burma rejected a Government plan for multi-party elections within three months and called for the immediate establishment of an independent interim administration. Page 3

Mozambique talks

Presidents P.W. Botha and Joaquim Chissano of South Africa and Mozambique pledged to revive a moribund 1984 non-aggression pact. Page 3

Ramstein toll 60

Another victim of the mid-air collision at West Germany's Ramstein air show died, bringing the overall toll to 60.

Olympic gesture

North Korea was offered free television coverage of the Olympic Games, in a conciliatory gesture following Pyongyang's failed bid to share their staging with Seoul.

Beirut election bid

Lebanon's parliament is to be called into session on September 22 for a last ditch attempt to elect a successor to President Amin Gemayel, whose six-year term runs out the following day.

Papandreou moved

Greek Prime Minister Andreas Papandreou was moved to a hospital in the London suburbs in preparation for heart surgery later this week. Political stage empty, Page 22

Hurricane Gilbert

Extensive damage was feared in Jamaica, and the Cayman Islands, Cuba and Haiti were placed on storm alert, as Hurricane Gilbert brought torrential rain and 185km per hour winds to the Caribbean.

Colombo paralysed

The Sri Lankan capital was brought to a virtual standstill by protests against the death in custody of a civil rights lawyer last week. Page 3

Delhi bus stop bomb

One person was killed and 19 injured when a bomb exploded at a bus terminal in Delhi's Shahdara area. Two other bombs were safely defused.

UK post peace

Britain's Post Office management and Union of Communication Workers reached agreement on a peace formula to end the past fortnight's strike disruption. Page 8

Wilander tennis No 1

Swede Mats Wilander replaced Ivan Lendl as the world's top ranked tennis player when he beat his Czechoslovak rival by three sets to two in a gruelling US Open final.

Business Summary

Allied Irish move for full control of US affiliate

ALLIED Irish Banks is offering to buy full control of First Maryland, its US banking affiliate, and will make a rights issue to raise £IR110m ($159.8m). Allied already owns 49.7 per cent of First Maryland. Page 22

HONG KONG'S Hang Seng Index lost 27.62, or 1.1 per cent, to 2,468.94. Volumes slumped to their lowest for two years amid pessimism over short-term prospects. Page 46

AMERICAN Airlines, the second largest domestic US carrier, may have lost as much as $50m in second-quarter ticket revenues because of a computer software problem in its passenger reservation system. Page 24

SHORTAGE of dynamic random access memory (Dram) chips has forced Apple Computer to raise significantly prices for some of its most popular personal computer models and add-on computer equipment. Page 24

STEPHENS, one of the largest capitalised US investment bankers outside Wall Street, has paid $44m for a small stake in Compagnie Financière de Suez, parent of Banque Indosuez, the French banking group. Page 24

EUROPEAN Silicon Structures (ES2), a pan-European semiconductor design and fabrication company started two years ago with $113m of equity funding and grants, has recorded a meteoric rise in a global league table for specialised chip production. Page 24

JACKSONS, the Australian firm of stockbrokers, is to close its Hong Kong office, because of what it describes as low volumes of business there. Page 25

BANK of Singapore (Australia), which is 70 per cent controlled by Overseas-Chinese Banking Corporation of Singapore, has acquired 40 per cent of David R. Bleakley & Associates, the Australian investment planning service. Page 25

ZURICH Stock Exchange is to reorganise its operations from November 7 with the aim of "increasing trading capacity and meeting new market demands." Page 25

BARING BROTHERS has agreed with Mexico to refinance about £65m ($110.5m) in Export Credits Guarantee Department debts to the UK that were rescheduled under a Paris Club agreement last year. Page 25

MAN, the West German heavy engineering and construction group, said group net income rose sharply in the year ended June 30, amid rising worldwide demand for capital goods. It raised its dividend for the year to DM6.50 ($3.53) a share from DM5.50. Page 26

SWISS banking sector grew much more slowly last year, according to the National Bank. Dollar weakness and the stock market crash left their mark on the annual balance sheets of banks and finance companies. Page 28

ROUSSEL-UCLAF, the French pharmaceutical unit of Hoechst of West Germany, said its consolidated net income for the first half of 1988 was FFr200m ($31.8m), down from the exceptionally high FFr388m profit it registered for the corresponding year-earlier period. Page 26

FLUOR Corporation, the diversified US engineering and construction company, continued its recovery in the third quarter, posting net profits of $13.4m on revenues of $1.34bn against a loss of $27.9m on revenues of $909.2m a year earlier. Page 24

Moscow seeks to eradicate loss making industry

By Quentin Peel in Moscow

THE SOVIET Government has called for a plan of action to "liquidate" loss-making enterprises – estimated to cost the Soviet economy Rs11bn ($17.5bn) a year – including for the first time the possibility of bankruptcy.

The programme was ordered by the Soviet Council of Ministers in an effort to curb a soaring deficit on state spending, identified by Mr Mikhail Gorbachev, the Soviet leader, as an increasingly serious drain on the country's economy.

The Council of Ministers, chaired by Prime Minister Nikolai Ryzhkov, is involved in what is clearly a heated and often divisive debate over the state budget and plans for the coming year.

The Government has already ordered a big switch in resources to the consumer sector and light industry, in contrast to the traditional Soviet emphasis on heavy industry.

The latest meeting at the weekend focused on the equally urgent need for a major boost in social spending on health, education and social services, and on the failure of some republics to make adequate plans to meet the targets of the full five-year plan.

The existence of chronic loss-making enterprises "breeds dependency", the ministers concluded, according to the official news agency, Tass. It was also delaying a switch to full "self-financing" – Mr Gorbachev's attempt to make each enterprise accountable for its own income and expenditure.

They ordered "a programme for the eradication of loss-making enterprises. For enterprises which had been loss-making for a long period of time, and which have no real hope of improving this situation, such measures were recommended as uniting with economically-viable entprises, leasing our key assets or liquidation in accordance with the law."

"The ministers' conclusion amounts to the first official recognition of the inevitability 'of some form of bankruptcy, if genuine self-financing is to work."

They also tackled another key weakness in the current economic reforms: the need to reduce the volume of state orders issued by central government for local enterprises.

Direct contracts between enterprises should be settled – and guaranteed by the respective government bodies – in the next month, they said.

The aim appears to be to give factories a chance to commit a much larger proportion of their output in plant-to-plant contracts – although the timescale still appears very short.

The official report of the meeting issued by Tass and reprinted in Pravda, the Communist Party daily, reported "heated discussion" on the need for more social spending, with "a number of ministers" and others who "advanced arguments based on the old approach about overloading plan targets for broadening the service sector."

There was also apparently strong criticism of some republics – including Uzbekistan, Kazakhstan and even the mighty Russian Federation – for failing to draw up plans which would bring them near their five-year targets.

The entire budget process for the coming year appears to be undergoing far more searching

Continued on Page 22

Pöhl sees no problem with current dollar value

By Simon Holberton in Basle

THE current level of the dollar does not present a problem for the US or West Germany, Mr Karl Otto Pöhl, president of the West German Bundesbank and chairman of the Group of Ten major industrialised countries, said yesterday as he emerged from the G10 monthly meeting.

Mr Pöhl said the G10 central bank governors had had a very good meeting and had agreed that there had been some reduction in inflationary expectations around the world.

He said the recent rises in official interest rates by some central banks had contributed to confidence in financial markets that "inflation would be kept under firm control."

Mr Pöhl is in Basle to attend the monthly meeting of the Bank for International Settlements. This meeting provides an opportunity for central bankers and their officials to discuss broader issues of international co-operation in foreign exchange markets and the co-ordination of domestic monetary policies.

An indication of the extent to which the major countries are prepared to go in controlling the dollar's value was given by central bank officials who said that currency market intervention over the past two months had amounted to around $10bn to $12bn.

Most of this intervention has been carried out by the Bundesbank and the Federal Reserve, the US central bank, but officials stressed that the total included intervention not linked primarily to the pursuit of the dollar's stability.

The Bundesbank reportedly intervened yesterday in foreign currency markets as the dollar threatened to rise above DM1.85.

When asked about the dollar, Mr Pöhl said: "I don't think it creates a problem for us or the US as far as I can see." Today, the BIS will host the first formal meeting of a committee on EC monetary and economic union chaired by Mr Jacques Delors, president of the European Commission.

The heads of government of the 12 Community countries established this committee at their summit meeting at Hanover in June.

Central bank governors, who appear in their personal capacities, will formally appoint two secretaries to the committee. They are also due to discuss an EC briefing paper and will decide a timetable for work towards the report they must deliver to the EC summit in Madrid next June.

The EC briefing paper is believed to include a review of the 1970 Werner Committee report on monetary union and to assess what has been achieved since then.

Pöhl rules out early franc devaluation, Page 2

Ford and Nissan join forces to build passenger vehicle in Ohio

By Kevin Done, Motor Industry Correspondent, in London

FORD MOTOR of the US and Nissan Motor of Japan, two of the world's leading automotive groups, are joining forces in the US to develop a multi-purpose passenger vehicle for the North American market.

The deal marks a further stage in the complex web of strategic alliances that is rapidly being formed by the world's leading vehicle makers in the US, Japan and West Europe.

Ford said the new tie-up with Nissan would "not affect in any shape or form" its existing relationship with Mazda, another Japanese vehicle maker in which it owns a 25 per cent stake. Mazda officials are known to lack enthusiasm for Ford's burgeoning relationship with Nissan, but appear resigned to it.

Ford and Nissan are conducting separately a feasibility study on the joint development in West Europe of a four-wheel drive utility vehicle for production at the Nissan plant in Spain as well as negotiating a joint engine project for Europe. In Australia they have a limited model sharing agreement.

The two companies said yesterday that they had formed an "association" to design, engineer and manufacture a so-called "upscale minivan" in the US in a project involving a total investment of more than $1bn, of which more than three-quarters will come from Ford.

The vehicle, similar to the Renault Espace "people carrier" family vehicle in West Europe, is aimed at one of the fastest growing segments of the US car and light truck market.

The new vehicla will be assembled at an existing Ford truck plant at Avon Lake, Ohio, which will be doubled in size with an investment of close to $900m for the expansion and modernisation of the plant, tooling, engineering and launch costs. The project will create 1,300 jobs and is being supported by $22.5m aid from the state of Ohio.

Nissan will have the design and engineering responsibility for the new vehicle, while Ford will assemble the vehicle and provide a number of component parts. The main panel parts will be supplied by Nissan's existing US plant at Smyrna, Tennessee.

Nissan said the deal marked the first time that a Japanese carmaker had undertaken the development of a vehicle outside Japan based on the "full-scale use of locally made parts".

The so-called "minivan" or "people carrier" segment of the US vehicle market has been one of the most rapidly developing niches in recent years and, says Nissan, is expected to rise from 740,000 units in 1987 to more than 1m units in 1992.

Zbigniew Brzezinski: lashes out at Dukakis

Bush signs up former top adviser to Carter

By Stewart Fleming, US Editor, in Washington

MR ZBIGNIEW Brzezinski, National Security Adviser to former Democratic President Jimmy Carter, has joined a national security task force set up by Vice-President George Bush, the Republican presidential candidate.

The surprise announcement that Mr Brzezinski would be offering his "advice and counsel" came at an early morning Washington press conference during which Mr Bush again sought to arouse voters' fears about the foreign policy expertise of his rival, Governor Michael Dukakis.

It seemed designed in part to try to prevent Mr Dukakis from dominating the headlines with a major foreign policy speech, the first of three he has scheduled for this week.

Mr Bush described his task force as "bipartisan," although its 18 members were overwhelmingly Republican members of the US foreign policy establishment. They include Dr Henry Kissinger, former Senator John Tower (a possible Defence Secretary if Mr Bush wins in November) and Mr Brent Scowcroft, National Security Adviser to Presidents Richard Nixon and Gerald Ford. Mr Brzezinski has always had distinctly conservative views on foreign policy issues, particularly East-West relations.

Mr Brzezinski lashed out at Mr Dukakis. "I have misgivings about his fundamental impulses. His view of the world is out of touch with the difficult realities of the world" he said. He refused to disclose how he had voted in the 1984 Presidential election, but urged other Democrats to join him in supporting Mr Bush.

Continued on Page 22

Macmillan in buyout bid to stop Maxwell

By Anatole Kaletsky in New York and Raymond Snoddy in London

MACMILLAN, the US publishing house which has been battling a $2.5bn takeover bid from Britain's Maxwell Communication Corporation yesterday announced a management-led leveraged buyout, worth marginally more than Maxwell's latest $84 a share offer.

Mr Robert Maxwell, chairman of the UK publishing and printing group, yesterday refused to admit defeat in the face of the buy-out and was consulting his financial advisers in London and New York.

There were signs that the British publisher who has expressed his determination to buy a major US publishing company to complement his US printing interests might make one last higher offer to try to win Macmillan.

Mr Maxwell may, however, have to abandon his attempt to takeover the entire company and settle for the "consolation prize" of a number of businesses in Macmillan's information divisions. In a letter to Macmillans last week Mr Maxwell said he was prepared to pay $1.4bn for a portfolio of non-publishing Macmillan companies including those in direct marketing, directories, healthcare information and merchandising.

Maxwell originally wanted to pay $80 a share for Macmillan, but raised its bid on Friday to $84 in cash.

Macmillan's cash and securities buyout proposal, which would be financed by Wall Street's leading LBO firm, Kohlberg Kravis Roberts, would provide each Macmillan shareholder with $80 in cash, plus $5 in subordinated debentures and warrants.

Although yesterday's buyout offer was not significantly more valuable than the bid from Maxwell, many arbitrageurs on Wall Street concluded that the management-led group would probably prevail.

KKR has an impressive record of winning takeover battles and Macmillan's management has protected the company with numerous anti-takeover devices.

Although KKR did not disclose yesterday the detail of the LBO's financing, Macmillan seemed certain to be saddled with a $2bn plus debt.

Nevertheless, some speculators still held out hope of one last round of bidding in the Macmillan auction, and the company's shares rose $7/8 to $84 3/4 yesterday morning. This was above the value of the KKR bid, since the debentures and warrants in the buy-out offer were likely to trade at a discount to their face value.

Assuming full subscription from Macmillan's shareholders, KKR said its offer would provide each shareholder with $80 in cash, plus $2.50 face value of 15 per cent debentures and one warrant. This warrant would be exchangeable either into a further $2.50 of these debentures or, in the future, into Macmillan common stock.

Macmillan was first put "in play" three months ago with an offer worth only $64 a share from Mr Robert Bass, the Fort Worth billionaire. Mr Bass and his partners, who own around 9 per cent of Macmillan, would make profits of around $50m on their investment if the group were sold for around $85 a share.

Oil price falls below $13

By Max Wilkinson, Resources Editor, in London

THE PRICE of crude oil fell below $13 a barrel on European spot markets yesterday, dragging the gold price down, after reports that Saudi Arabia was resisting plans for an oil producers meeting this month.

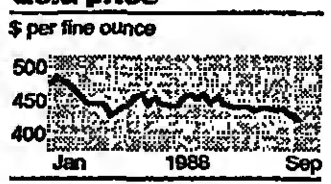
In Europe, reports that Saudi Arabia was offering discounts to Shell and BP in an effort to maintain production levels also depressed the spot price for Brent Crude from Friday's $13.50 to $12.955.

In early trading on the New York Mercantile Exchange, crude oil prices followed the

Continued on Page 22

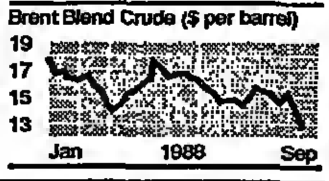
Gold price

$ per fine ounce



Oil price

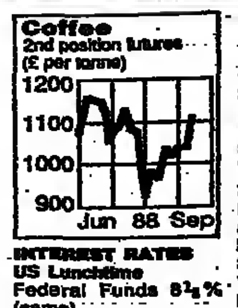
Brent Blend Crude ($ per barrel)



MARKETS

Coffee

2nd position futures (£ per tonne)



INTEREST RATES

US Lunchtime
Federal Funds $8\frac{1}{8}$% (same)
3-mth Treasury Bills: yield: 7.45% (7.51)
Long Bond: 101⅛ (same)
yield: 8.96% (same)
London
3-month interbank: close 12⅛ (12⅛)

STERLING

New York lunchtime
$1.69475 (1.698)
London:
$1.696 (1.697)
DM3.13 (3.14)
FFr10.6475 (10.6775)
SFr2.635 (2.65)
Y226.25 (226.75)

DOLLAR

New York lunchtime
DM1.84675 (1.851)
FFr6.2835 (6.291)
SFr1.555 (1.5625)
Y133.575 (133.7)
London:
DM1.845 (1.85)
FFr6.2775 (6.2925)
SFr1.5535 (1.562)
Y133.4 (133.6)

GOLD

New York lunchtime: Comex Dec $426.7 (428.5)

STOCK INDICES

New York lunchtime
Dow Jones Ind. Av. 2,076.10 (+7.29)
S&P Comp 267.01 (+0.17)
London:
FT-SE 100 1,744.6 (+6.2)
World: 123.79 (Fri)
Tokyo
Nikkei Ave 27,756.74 (+109.64)
Frankfurt
Commerzbank 1,506.6 (+15.6)

OIL

Brent 15-day (Argus) $12.955 (-0.545) (Oct)
West Tex Crude $13.685 (-0.5) (Oct)

CONTENTS

Surefooted Papandreou keeps control despite ill health

Greece's astute Prime Minister Andreas Papandreou is well known for wrong footing his opponents. But a recent diagnosis of heart disease took him by surprise. Nonetheless his place at the helm of affairs is undisputed

Page 22

Pöhl rules out early franc devaluation within EMS

By Ian Davidson in Paris

MR Karl-Otto Pöhl, president of the West German Bundesbank, has offered a conciliatory gesture towards the French Government in the run-up to Thursday's meeting in Frankfurt of the Franco-German Economic and Financial Council. He explicitly ruled out a near-term devaluation of the French franc within the European Monetary System.

At the same time, Mr Pöhl vigorously defended the conduct of West German economic policy and volunteered no concessions to those in the French Government, like Mr Pierre Bérégovoy, Finance Minister, who claim that there is a need for greater economic policy co-ordination between the two countries.

Mr Pöhl gave his reassurances on the outlook for the franc in an interview in the news magazine Le Point. "No-one," he said, "should expect, in the near future, a modification of the D-Mark/Franc parity."

He was responding to the strengthening of the D-Mark against the franc last week, which reached the record level of FFr3.4090 on Thursday, prompting intervention by the Bank of France on the foreign exchange markets and speculation over a possible realignment of the EMS.

But Mr Pöhl deflected French criticism that the recent increase in West German interest rates had forced France to follow suit and reverse the Government's declared policy of lower interest rates.

"The level of interest rates in France is very high compared with that in West Germany," he told Le Point. "The gap between franc and D-Mark rates, for all maturities, is of the order of three percentage points; whereas the inflation differential is currently no more than about 1.5 per cent.

"If one can succeed in stabilising long-term inflationary expectations at a low level, it ought to be possible for interest rates in France to be lower, all the more because no one should expect, in the near future, a modification of the D-Mark/Franc parity."

In reply to a question that France had been following a policy of rigour for several years, yet was still compelled to follow a high interest rate policy, he warned that a change in expectations could take a long time. "Everyone knows that investors have the memory of an elephant and the agility of a hare. One may have to wait for years, sometimes, before they get used to new basic conditions. I think that the French economy and French policy have created conditions entirely favourable to a reduction in interest rates."

Mr Pöhl denied that the West German economy was growing too slowly. The growth rate during the first half of the year, he said, had been at a rate of 4 per cent, which was a reasonable result, and difficult for West Germany to exceed in the light of its demographic profile, population density and environmental problems.

Italian minister is caught in political web

By John Wyles in Rome

A DIMINUTIVE 58-year-old Neapolitan of slight public persona whose party political weight has, none the less, put him in charge of Italy's Ministry of the Interior, is at the centre of a row touching both the future of Mr Ciriaco De Mita, the Prime Minister, and the increasingly bitter relations between the nation's politicians and the judiciary.

With all opposition parties from the extreme left to the neo-fascist right preparing a parliamentary motion of no-confidence in Mr Antonio Gava, Mr De Mita revealed at the weekend that he had twice rejected an offer to resign from his Minister of the Interior.

Since ministerial resignations in Italian politics are less frequent than eclipses of the moon, Mr Gava's readiness to walk the political plank is seen as some measure of the embarrassment which he fears is engulfing him and the Government.

He is, however, visibly discomforted, as Mr De Mita surely intended, by the disclosure of his resignation offers since the threads of his political future are now publicly held by the Prime Minister.

They could not be in any more grateful hands since Mr Gava leads the largest faction in the Christian Democratic Party, without whose support Mr De Mita could not hope to be returned to the party's leadership at its congress next January.

Mr De Mita has still not come out into the open as to whether he wants to stay as party secretary while Prime Minister – a dual responsibility not normally tolerated by the Christian Democrats. But by putting great stress in a weekend speech on the need for Italy's largest party to be fully behind the Government's increasingly controversial economic strategy, he left few in doubt about his desire to hold on to the party leadership.

The minister's predicament stems from a magistrate's report which implies suspicion that he used the Camorra, the Neapolitan Mafia, as a conduit for negotiations with Red Brigades terrorists to negotiate the release for L1.5bn of a Christian Democrat councillor kidnapped in 1982.

But few controversies in Italian politics lack geological depth and the Gava affair has brought to the surface deeper strata. One rich vein being mined by the opposition is to question the minister's suitability as the public's defender of law and order because of some alleged past relationships in his native Naples, and the other is the fierce battle being waged between politicians and some sections of the judiciary.

Increasingly, judges have felt that politicians have placed themselves beyond the law, while some politicians are feeling besieged by magistrates they say are careless in applying the law.

Bonn minister spells out defence aims

By David Marsh in Bonn

MR RUPERT SCHOLZ, the West German Defence Minister, yesterday held out to the Soviet Union an offer of "dialogue, competition and co-operation" to break down barriers between East and West and pave the way to a system of peace and stability in Europe.

In a wide-ranging speech at the Konrad Adenauer Foundation, Mr Scholz, who took over the defence portfolio three months ago, gave the first full expose of his security concept linking firmness over arms control with a long-term vision of a European "peace order".

Mr Scholz has been under domestic political pressure since the tragedy at the main US air base in West Germany at Ramstein last month. He defended his decision to stop all military aerobatic flights in the Federal Republic after the accident. The death toll has now risen to 60.

Underlining West Germany's dependence on the US and its nuclear umbrella for its defence, Mr Scholz stressed the need for timely modernisation of Nato nuclear weapons to maintain the credibility of deterrence.

But he admitted that the West German defence policy consensus had grown "somewhat worn". Partly reflecting the Bonn government's own contribution to the superpowers' disarmament moves, the German population's perception of the Soviet defence menace had ebbed, he said.

Mr Scholz firmly stressed the link between defence issues and the Soviet bloc's treatment of its own citizens. He said that joint security and trust between Nato and the Warsaw Pact hinged partly on progress made at the East-West talks in Vienna on human rights.

Mr Scholz, who plans to accompany Mr Helmut Kohl, the Chancellor, on his visit to see Mr Mikhail Gorbachev, the Soviet leader, in Moscow next month, made clear the Federal Republic's insistence that the Warsaw Pact should move to lower its conventional force superiority in central Europe.

Mr Scholz reaffirmed the threat from the Warsaw Pact's "invasion capacity". However, he welcomed Moscow's acceptance of the need for "assymetric" cuts in conventional forces as part of a new approach by Mr Gorbachev to arms control.

Fresh setback for West German N-power

By David Goodhart in Bonn

WEST GERMANY'S beleaguered nuclear power industry has just suffered another setback following a court decision to order temporary closure of the Muelheim-Kaerlich atomic power station in Rhineland Palatinate.

The court accepted the case, brought by a private individual, Mr Joachim Scheer, that the procedure used to shift the reactor site 70 metres to avoid a potential earthquake fault was unlawful under the terms of the Federal Atomic Power Act. It is the first time a court has made such a decision.

This is just the latest difficulty for the Muelheim plant, owned by the publicly-quoted RWE utility. It took 10 years to build and the cost was much higher than expected because of amendments to the design required after the Three Mile Island accident in the US. In October 1986, soon after opening, it was closed again for nine months because of a problem with the cooling tower.

Industry sources estimate that the 1986-87 closure could have cost as much as DM650m (£161m) – based on a daily cost of DM2m in substitute power and continued running costs. The current closure, effective from last Friday, is likely to cost a similar amount.

Meanwhile, the problems of the new fast breeder reactor at Kalkar in North Rhine-Westphalia, owned by a consortium led by RWE, continue to mount. The reactor, which cost DM7bn to build, has been unused since its effective completion four years ago and the federal Government has decided to begin a court action against the state government.

Another problem plant at Brokdorf, in Schleswig-Holstein, owned by Preussenelektra, is now operating again on the orders of Mr Klaus Toepfer, the federal Environment Minister. The Social Democratic Government in the state had refused to allow it back on stream after a closure because of alleged safety problems.

Although the use of nuclear power in electricity generation in Germany has risen to a peak of 38 per cent, it now has unqualified support from none of the major parties.

Baltic states step up pressure on Moscow

By Quentin Peel in Moscow

THE SOVIET Government is facing ever more strident demands for devolution of power, and a recognition of national identity, from the tiny Baltic republics of Estonia, Latvia and Lithuania on its north-western frontier.

Popular support for the nationalist movements is such that the local Communist Party organisations are being forced to give their backing, in spite of clear misgivings in Moscow.

On Sunday, Mr Vaino Vaelas, the recently-elected party leader in Estonia, joined a nationalist parade through the streets of Tallinn. There were slogans demanding official status for the Estonian language, recognition of Estonian citizenship, and economic "self-financing" for the republic's budget.

According to Mr Gennady Gerasimov, the Soviet government spokesman in Moscow, the crowd of between 200,000 and 300,000 had gathered to hear "patriotic national songs" and listen to speeches.

The demonstration came only a day after the central committee of the republic's Communist Party had backed most of the demands made by a so-called Popular Front for the Support of Perestroika.

Similar, if not more radical, demands have just been published by the Popular Front in neighbouring Latvia, through the Communist Party youth newspaper, Sovyetskaya Molodezh.

The question of citizenship is a key one for the Baltic nationalist movements and a highly sensitive one for Moscow, for it would provide a possible means of controlling immigration by ethnic Russians into the republics. Native Latvians are already in a minority in their republic while, in Estonia, Russians now make up one-third of the population.

Mr Mikhail Gorbachev, the Soviet leader, has himself called for much greater devolution of authority from Moscow to the Soviet Union's 15 republics. However, he is also in danger of facing an ethnic Russian backlash if Moscow's authority is seen to be seriously weakened.

● The first big Soviet enterprise to become a joint stock company, with worker shareholders, has been established in Latvia. Shares to the value of Roubles 6m (£5.5m) have been issued in the vehicle manufacturer RAF, which produces 17,000 minibuses a year in Riga, the Latvian capital.

Polish economic critics given official hearing

By Christopher Bobinski in Warsaw

POLAND's party newspaper, Trybuna Ludu, has begun to publish the views of outspoken critics of official economic policies, in a sign that the debate on the future of the country's economic reform is gathering momentum.

Last Friday, Prof Cezary Józefiak, a proponent of regulation by the market, told the paper that the time had come for the Government to relinquish control over the economy and free price controls.

Yesterday, the paper carried an interview with Prof Jan Mujzel – a member of "Reform and Democracy", a left-leaning unofficial policy study group.

In a clear reference to Solidarity, the banned trade union, he warned that economic changes were doomed to fail unless the authorities permitted workers to organise in unions of their choice which would counter the conservative bureaucracy.

The interviews come as Mr Lech Walesa, the Solidarity leader, is seeking to break a deadlock in contacts with the authorities by suggesting that the Government meet him and leaders of recent strikes to discuss the central demand for the return of Solidarity.

Malta to press UK for support in joining EC

By Godfrey Grima in Valetta and Robert Mauthner in London

DR Edward Fenech Adami, the Maltese Prime Minister who arrives in London today for a four-day official visit, is expected to urge the British Government to support Malta's desire to apply for full membership of the European Community.

However, he is likely to be disappointed by the response of Mrs Margaret Thatcher, the Prime Minister, with whom he is due to have talks on Thursday. Britain feels that relations between the EC and Malta should be developed within the existing Malta-EC Association Agreement rather than through the creation of closer institutional institutional ties.

Dr Fenech Adami's argument is that Britain's supports needed if his Christian Democratic administration is to forge closer political and economic affinities with the West.

Both sides are anxious to put the frequently stormy relationship of the years when Mr Dom Mintoff was Prime Minister on a more friendly and business-like basis. But Britain is still worried about Malta's close links with Libya, exemplified by the recent creation of a joint regional radio station.

EC squabble 'disrupting Court timetable'

By Tim Dickson in Brussels

THE work of the European Court of Justice risks being seriously disrupted over the next few months due to what Lord Mackenzie Stuart, its President, claims is a "deplorable" political squabble among the European Community's member states.

Europe's senior judge, soon to retire from a post which he has held for nearly five years, says the delay in confirming appointments to the increasingly influential Luxembourg court is already hampering the re-organisation of its calendar for the judicial session beginning on October 6.

"I had hoped to keep transitional disruption to a minimum but I fear it is now inevitable that there will be some unproductive months while the Machine is sorted out and the new members settle down."

The problem stems from the repeated failure this year of the EC's major decision-making body, the Council of Ministers, to agree on the nationality of the "thirteenth judge".

Each of the 12 member states traditionally appoints one judge of its own choosing but under a formula agreed before Greek accession in 1981 (when the Court was enlarged to 11 judges) the final place is awarded in rotation to the larger EC countries.

Member states are guilty of 'incredible inefficiency' in making up their minds

The method of rotation was the result of a classic European compromise. For its own internal political reasons the Paris Government persuaded its EC partners that France should be first to have the "odd" man and after lots had been drawn the other two agreed to follow in alphabetical order (West Germany, Italy, and the UK).

The current dispute has arisen because of the subsequent arrival of another large country in the shape of Spain. The written evidence is either hazy or ambiguous but Madrid, supported by most other member states, insists that as part of its Accession Treaty it was effectively promised the thirteenth slot when (as is about to happen) the West German incumbent comes to the end of his six-year term. Italy, backed up by the UK, refuses to step aside.

The issue is likely to be discussed at the meeting of EC foreign ministers in Brussels on September 26 but, according to EC diplomats, there is no guarantee that the matter can be settled this month.

Lord Mackenzie Stuart says that he first started to put pressure on member states to make up their minds last December and lambasts their "incredible inefficiency". While the rules state that existing judges simply continue until the new appointments are confirmed, the Court's president points out that the uncertainty is disrupting because those ultimately leaving will not be able to start work on new cases.

Altogether seven of the 13 judges and three of the six Advocates General (who offer independent opinions in the course of the Court's proceedings) are coming to the end of their six-year "mandates".

It is already unofficially known that Mr Thijmen Koopmans of the Netherlands and Mr Jose Carlos Moitinho del Almeida of Portugal will be reappointed; that the British and Italian Advocates General Sir Gordon Slynn and Mr Federico Mancini will respectively replace Lord Mackenzie Stuart and Mr Giacinto Bosco; and that Mr Fernand Grevisse and Prof Manfred Zuleeg will be replacing judges Yves Galmot and Ulrich Everling.

Mr Jose Luis Cruz Vilaca, the Portuguese Advocate General, will be replaced by Prof Walter Van Gerven of Belgium, Mr Mancini by Mr Giuseppe Tesauro and Sir Gordon by Francis Jacob, QC, a specialist in Community law at King's College, London.

European socialists to hold talks with Arafat

By William Dawkins in Brussels

SOCIALIST members of the European Parliament are planning to go ahead tonight with what could be a critical meeting with Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, despite protests from Jewish organisations across the EC.

The likely content of Mr Arafat's address was being kept secret yesterday as the Parliament braced itself for demonstrations which Zionist groups were planning outside its headquarters.

But the PLO leader's speech in Strasbourg is an opportunity for him to clarify what progress he might achieve in seeking support for plans for a provisional Palestinian Government-in-exile and for an independent state in the occupied territories.

His two-day visit, at the invitation of Mr Rudi Arndt, West German chairman of the Euro-Socialists, has attracted criticism from Jewish organisations in France, Britain and the Netherlands. However, Mr Arndt said yesterday that Mr Arafat could not be denied the right to be heard at the Parliament since Mr Shimon Peres, the Israeli Foreign Minister visited the Assembly in May.

While Euro-MPs welcome any opportunity like this one to enhance the Assembly's international standing, their response yesterday was divided. The 41-strong Liberal group condemned the visit as an "inopportune and inadequate response in relation to the development of the peace process in the Middle East."

Other parties were keeping a low profile, though the European Democratic Group of Conservative MEPs and other right-wing groups were expected to distance themselves from the PLO cause.

Parliamentary officials admitted that even the 168-strong Socialist group, the largest represented at the Assembly contained some divisions, ranging from Italian members' pronounced sympathy for the PLO, to reticence among French members.

Commission defends EC tax alignment plan

THE European Commission is sticking to its proposals to bring indirect taxes in the 12 EC states closer into line despite attacks on the plan from Britain and France in the past week, Reuter reports from Brussels.

The Commission said yesterday that it was surprised by the opposition of Mr Michel Rocard, the French Prime Minister, *and by his attempt to* link with issue with taxation of investment income. It said that Mr Rocard's position failed to recognise the urgency of the issue.

The proposals to iron out differences in sales taxes and excise duties are a key part of the EC's plan to create a barrier-free market within the community by the end of 1992.

Mr Rocard had said that bringing France's high value added tax (VAT) down to a common EC range would cut resources available to the Government for social policies.

The plan will be discussed at an informal meeting between EC finance ministers in Crete this weekend.

Indian press wins a moral crusade

David Housego reports on a confrontation between the Prime Minister and the newspaper industry

THE Indian press is feeling very pleased with itself. It is not every day that a Prime Minister throws down a challenge to the newspaper industry of his country and then is forced to beat a hasty retreat.

The protest march by journalists in Delhi last week and the nationwide strike which followed it – coming in the wake of Mr Rajiv Gandhi's backing down over the Defamation Bill – took on the colours of a festive occasion. But along with the sweet pleasures of victory, there has been been some of the self-righteous satisfaction of the moral crusader.

"If we can take on Rajiv Gandhi," says Mr Arun Shourie, editor of the Indian Express, which has published some of the most damaging material about the alleged payment of kickbacks and commissions to those close to the Prime Minister's circle, it shows that the man in the street "can take on the super-intendent of police."

The confrontation between Prime Minister and press marks the convergence of two long-term trends in Indian politics and society. The first is that, since Mrs Indira Gandhi's time, the ruling Congress (I) Party has increasingly financed itself through payments from business. This initially took the form of contributions to party funds in exchange for lucrative manufacturing licences in a domestic market heavily protected from competition.

But somewhere towards the end of Mrs Gandhi's reign there grew up the practice of the Congress Party, through the intermediary of well-placed businessmen, taking a percentage of big foreign contracts. Out of this system sprang the scandals that have shaken Mr Gandhi's administration.

The difference between Rajiv and his mother is that Mrs Gandhi kept her distance from this business group.

"She made use of them," says Mr *Nihal Singh*, the well-known Indian columnist, but, with one or two exceptions, "she was never close to these people."

In contrast, Mr Gandhi's friends come from India's wealthy yuppie class, exponents of economic liberalism and personal beneficiaries of it. The amount of alleged kickbacks on major contracts seems to have grown. So has the suspicion that more of the money has been diverted from the Congress Party to private pockets. But Mr Gandhi has not demonstrated his mother's ruthlessness in ridding himself of embarrassing friends.

Gandhi: yuppie friends

The other, converging, trend has been an internal revolution within the press. Even 20 years ago, Indian newspapers lived in a cosy world in which the Government was both their biggest source of information and their principal audience. Now they compete for circulation *among* a much more politicised readership – India has a middle class of about 100m – that wants newspapers to reflect the world (warts and all) it sees around it.

"The great strength of the press is the politicisation of the reader," says Mr Shourie, who sees this dating back to the Emergency under Mrs Gandhi in the 1970s. "When a cholera epidemic occurs in Delhi and 275 people die, they want to know who is responsible. People expect the press to tell them that."

The trend towards investigative journalism began about 10 years ago with the Indian Express and the newly founded India Today – now a magazine of world-class quality – sending reporters out to discover more about the darker side of Indian life. There emerged extraordinary case histories of people who had spent years in prison without ever coming to trial or had been blinded through the callousness of their employers.

As politics grew more venal, it was inevitable that the press swung its focus towards those it claimed were accepting illegal payoffs. Soon they were competing for scoops. The Hindu, a Madras-based national daily known for its conservatism, surprised the newspaper world by publishing key documents in a case alleging arms deal payments. The Statesman followed suit with details of alleged payments to a businessman friend of a member of the Prime Minister's personal secretariat.

The unhealthy side of this more vigorous press is that newspapers are sometimes less careful about checking their sources or ensuring that their stories are balanced than would be required by British or US libel laws. The Hindustan Times recently published an attack on the National Drama School without apparently speaking to its head. Many newspapers have carried statements by Mr Sanjay Singh, an opposition leader remanded at the weekend on charges of conspiring to murder, that he was a victim of a political frame-up.

In the 1970s Mrs Gandhi, in an attempt to restrain what was then a much more timid press, took a sledgehammer to it by imposing censorship under the Emergency. She *afterwards believed this was a* mistake. Returned to power, she deployed her political skills to woo the press, making herself available for interview to editors and publishers.

Even before the Defamation Bill, Mr Gandhi had resorted to some of the methods of harassment used in the 1970s. The Indian Express has been charged with some 200 criminal offences, had its building taken over by the Government, been prevented from using $20m *facsimile* transmission equipment, and had all loans for working capital stopped. The Statesman has been halted in the construction of a new multi-storey building.

The Defamation Bill was an attempt to achieve by legislation what the Government had failed to secure by indirect pressures. It was presented to Parliament without warning and rushed through in eight hours. In the sense that it united the opposition, the press and public opinion in an almost unprecedented way, it was a demonstration of how out of touch politically the Prime Minister has become.

The bill would have provided for imprisonment in cases of defamation where a newspaper wrongly accused a person of committing a criminal offence – such as accepting illegal kickbacks.

In libel cases it shifted the onus of substantiating the charges to the newspaper that made them. Currently the person defamed has to show that the charges are not true, or are damaging to his reputation.

The shift in the burden of proof would have meant that, in substantiating accusations of illegal pay-offs, newspapers would have had to present original documents in court instead of the photocopies they possess which are not acceptable as evidence.

The bill also provided for more summary judicial procedures and for cases to be held *in camera*. Editors would have been required to attend all hearings – however distant the courts might be.

The Indian Express was preparing to name its publisher's cook as chief editor on the day the act was passed to release the current editor from the risk of being continually involved in court proceedings.

Because of the strength of the outcry against the bill, most journalists now believe the Government will let it drop under the umbrella of the ministerial committee that has been set up to consider revising it. Under discussion, however, is the possibility of a new press code that would take up what some journalists agree have been abuses by the press. But these proposals are unlikely to be acceptable while the press remains in its present cock-a-hoop mood.

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OVERSEAS NEWS

Extremists bring Colombo to standstill

By Mervyn de Silva in Colombo

COLOMBO and its suburbs were at a standstill yesterday in response to a call by the proscribed extremist People's Liberation Party (JVP) for a day of national mourning for Mr Wijedasa Liyanarachchi, the 38-year-old civil rights lawyer who died in police custody last week.

The Government's chief medical officer told the high court that he died of internal bleeding caused by a severe beating. Mr Liyanarachchi had filed nearly 100 habeas corpus applications on behalf of JVP activists detained under the prevention of terrorism act.

Some state-owned buses and private cars were seen on the roads yesterday morning and a few government offices and banks were open. But shops, businesses and hotels were closed and the capital was a dead city. The Government – alarmed at the strength of the response to the JVP – announced that it would withdraw licences from private buses unless they started running immediately.

There was some confusion about the JVP appeal which was made in hurriedly distributed leaflets in the city and main towns. According to reports from the south – the JVP stronghold – the organisation is calling for a five-day *hartal* (peaceful protest) until next Saturday, President Junius Jayawardene's 82nd birthday.

The *hartal* coincided with the publication yesterday morning of President Jayawardene's proclamation announcing the "merger" of the Tamil

Seventeen people were injured when JVP rebels threw a bomb at a bus in the Sri Lankan capital yesterday during protests against the death of a lawyer in police custody, Reuter writes from Colombo. A senior police official said rebels also set fire to two buses and a train.

Northern Province and the ethnically mixed (Tamil, Moslem and Sinhalese) Eastern Province, one of the most explosive issues in the island's 30 years of violent communal politics.

The presidential proclamation also makes Tamil a national language, although Sinhala remains the official language. Regional autonomy for the Tamils and devolution of power to provincial councils are the main provisions of the Indo-Sri Lanka peace accord signed in July last year by Mr Rajiv Gandhi, Prime Minister of India, and President Jayawardene.

Polls have already been held in the seven Sinhalese provinces. The north and east will go to the polls in late November. President Jayawardene has argued that the merger may be only temporary: after one year, the Eastern Province will decide in a referendum whether to continue with the merger.

The democratic opposition led by Mrs Sirimavo Bandaranaike, the former prime minister, is unimpressed. Denied parliamentary elections by a questionable referendum held under emergency rules in 1982, Mrs Bandaranaike's Freedom Party has seized the issue to rally the Sinhalese who have many other grievances, mainly economic, against an authoritarian regime that has overstayed its welcome.

Mr Gandhi is anxious to see polls in the merged Sri Lankan province before the end of the year. He has imposed direct rule on the southern Indian province of Tamil Nadu, home of 50m Tamils who support the grievances of the minority Tamil population in Sri Lanka.

Mr Gandhi said last week that the Tamil people in both Sri Lanka and in Tamil Nadu supported the July 1987 accord because it meets Tamil aspirations regarding their "homeland", their language and devolution. The Sinhalese should appreciate that India stands firmly against *eelam* (a separate Tamil state). "We are totally opposed to separation since *eelam* in Sri Lanka can mean 20 *eelams* in India," he said.

Mrs Bandaranaike said that if the Government used the current wave of violence as an excuse to postpone elections and declare martial law, "I shall be the first to take to the streets. The authorities should learn from what happened in the Philippines, South Korea and now Burma. Free and fair elections is all I demand."

Japanese trade surplus eases as imports surge

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus in August eased 4 per cent year on year to $4.9bn, reversing a rising trend that had developed in the previous two months, and rejuvenating speculation about a strengthening of the dollar.

The move surprised many economists in Tokyo, who had expected the rising trend to continue because of the resurgence of Japanese exports. While exports did continue to grow strongly in August, rising 18.2 per cent to $20.8bn, imports grew even faster, rising 27.3 per cent to $15.9bn.

There did not appear to be any extraordinary factors boosting the import growth. On the contrary, oil imports were down 15.9 per cent following a surge in July in advance of a tax increase.

The trade balance with the US tumbled 13 per cent year on year to $3.3bn, as imports jumped 39.3 per cent to $3.7bn while exports grew only 9 per cent to $6.9bn.

Economists remained concerned that Japan's export performance was continuing to improve. Mr David Pike of brokers UBS Phillips and Drew in Tokyo said that this meant that the country had to continue to draw in imports at a very high rate if it was to make any progress in bringing down its trade surpluses. "They will have to maintain strong domestic demand growth if they want the adjustment process to continue," Mr Pike said.

Mr David Gerstenhaber of brokers Morgan Stanley noted that the strong growth of imports by both Japan and the US indicated in these figures could arouse fresh concern in both countries about capacity constraints and inflation.

Japan's exports to the EC were up 29.8 per cent to $3.6bn but its imports from the EC jumped 46.3 per cent to $2.1bn. Imports from South-east Asian countries rose 27.6 per cent to $4bn while exports rose 28.2 per cent to $5.5bn.

On a seasonally adjusted basis, the total surplus fell to $5.5bn from July's $6.2bn.

Re-exports boost HK trade growth of 29%

By Michael Marray in Hong Kong

BUOYED by runaway growth in the re-export sector, the value of Hong Kong's merchandise trade rose by 29 per cent to HK$323.1bn (£40bn) during the first seven months of 1988, figures released by the colony's Census and Statistics Department show.

Re-exports rose by 47 per cent to HK$141.3bn, reflecting both an increase in manufacturing activity across the Chinese border by Hong Kong companies, as well as China's own export drive.

The value of re-exports to Japan leapt by 89 per cent to HK$8.9bn, while the value of goods bound for Taiwan was up 48 per cent to HK$7.7bn. Re-exports into China rose 50 per cent to HK$47.1bn.

During the seven-month period, the value of Hong Kong's domestic exports to the US fell by 3 per cent to HK$38.5bn, continuing the trend of reduced dependence on the colony's largest market.

A 21 per cent increase in domestic exports to the UK, and double-digit increases to West Germany and Japan, helped compensate for this decrease, and Hong Kong's total domestic exports still managed to grow by 11 per cent to HK$115.8bn for the January-July period.

Imports during the seven-month period rose by 30 per cent to HK$266.1bn, leaving Hong Kong with a visible trade deficit of HK$9bn.

Burmese opposition spurns Government's election offer

By Roger Matthews in Bangkok

OPPOSITION politicians and demonstrators in Burma were united yesterday in their rejection of the Government's proposal to hold general elections open to all parties within three months.

Demonstrators again brought the centre of Rangoon to a standstill and shouted slogans demanding the removal of President Maung Maung and the Burmese Socialist Programme Party which has ruled the country for 26 years. They called for an immediate establishment of an independent interim government to oversee any elections.

Rangoon Radio said yesterday the army would shoot people distributing leaflets claiming top military officers had defected to the opposition. The government broadcast came after handbills at a demonstration had claimed leaders of the navy and air force had issued an ultimatum to the Government to resign by today.

The All-Burma Student Union, meanwhile, passed out pamphlets which said that yesterday would be the final day of peaceful protest. Some diplomats sense a change in the mood of the demonstrators and one said there was now a grim realisation that the ruling party, despite its concessions, still believed it could hang on to power.

Howe stresses Britain's close links with Kenya

By Michael Holman in Nairobi

SIR GEOFFREY HOWE, the British Foreign Secretary, yesterday announced an additional £10m development grant to Kenya demonstrating that concern over human rights and the increasingly autocratic style of President Daniel arap Moi has not undermined the close ties between the two countries.

Kenya will also receive a £4.6m British contribution to the country's population project. Its birth rate of around 4 per cent a year is the highest in the world and the population of more than 20m is likely to rise to 35m by the year 2000.

Sir Geoffrey, who had an hour-long meeting with President Moi yesterday, said Britain admired "Kenya's remarkably successful record of stability and economic progress" since independence in 1963. Kenya's record, he said, "of free speech, tolerance and respect for human dignity is very good indeed".

In a speech last night at a banquet in his honour, Sir Geoffrey did, however, make the point of raising what is a highly sensitive issue. In what amounted to a gentle bnt pointed cantion, he said: "We tend to judge Kenya's human rights performance by high standards. All the more important to maintain this record and show critics that they are wrong."

Kenya receives more UK aid (£35m last year) than any other country in Africa and is second to that, only to India in the world.

Botha visits Mozambique

PRESIDENT P.W. Botha of South Africa flew into Black Africa yesterday to pledge his goodwill towards Mozambique – a land devastated by guerrilla attacks Pretoria is frequently accused of supporting, Reuter writes from Songo, Mozambique.

"We also stand for co-operation and development," Mr Botha said after talks with President Joaquim Chissano. "The Republic of South Africa and its government are very much in favour of seeing our neighbours prosper and develop."

It was Mr Botha's first visit to one of the Frontline States, an alliance of black-ruled countries in the region that oppose South Africa's race policies.

Discussions centred on renewal of economic co-operation, including supply of power from the Cahora Bassa hydro-electric dam to South Africa, and revival of a 1984 non-aggression treaty under which Pretoria promised to stop supporting right-wing rebels.

Tokyo survives a long week in politics

Ian Rodger reports on the collision course of a bribery scandal and a tax reform bill

JAPANESE government leaders have acknowledged privately for months that their plan to push through a comprehensive tax reform this year would produce nasty and noisy scenes of confrontation both in the Diet (Parliament) and in the country at large.

Whether the dramatic events of the past week, including the disclosure of secretly filmed scenes of attempted bribery of a politician, were within the bounds of the leadership's expectations is not clear.

However, by the weekend, it appeared as if the ruling Liberal Democratic Party (LDP) once again had the upper hand. It finally won tbe implicit agreement of the opposition parties to put its tax reform bills on the legislative agenda.

Despite this agreement, the way ahead both for the LDP and the tax reform plan is still fraught with difficulties. For one thing, the current legislative session is due to end in only a fortnight. For another, there could be more revelations from a simmering stock market scandal that could damage the ruling party.

Last week began auspiciously enough for the LDP. It scored a decisive victory on Sunday in a potentially troublesome regional election, but the party's joy was soon clouded. On Monday an opposition Diet member revealed that an official of a company at the centre of a recent stock market scandal had tried repeatedly to bribe him not to probe the case too vigorously.

The Diet member, Mr Yanosuke Narazaki, even produced film of one of the attempts, having invited a television station to film it secretly.

The scandal involves the large windfall profits made by a number of prominent people who were secretly offered shares in a small property company, Recruit Cosmos, four years ago prior to its public flotation. Among those who received the shares were close aides of Mr Noboru Takeshita, the Prime Minister, Mr Yasuhiro Nakasone, the former prime minister, Mr Kiichi Miyazawa, the Finance Minister, Mr Shintaro Abe, LDP secretary general and Mr Michio Watanabe, another leading LDP figure and potential future prime minister.

Embroiled in the scandal, from left: Watanabe, Nakasone, Abe and Miyazawa

Until this week, the ruling party had been resisting opposition demands for a parliamentary inquiry into the case even though all the political leaders involved, with the exception of Mr Watanabe, claimed they had no knowledge of the transactions.

But in the full glare of the publicity over the attempted bribery revelations, the LDP gave in. It also agreed that Mr Hiromasa Ezoe, the former chairman of Recruit Cosmos and the one who offered the shares, should testify in the Diet.

Meanwhile, Mr Narazaki, the politician who was the object of the bribery attempt, filed a complaint with the Tokyo district prosecutor against the official who confessed to making it, and against Mr Ezoe and another Recruit director. The prosecutor has begun an investigation.

Despite its battering, the LDP ploughed doggedly ahead on its tax reform plan and by the weekend appeared to have made some progress.

The LDP's aim is to pass six tax reform bills, one of which would introduce a consnmption tax, in the extraordinary Diet session which started in mid-July and is due to end on September 26. So far, the bills have not even been introduced because of opposition resistance to putting them on tha agenda. The opposition parties all consider the consumption tax regressive.

On Friday, the LDP and opposition parties made a deal. A parliamentary committee would be set up. It would first inquire into the Recruit affair and discuss the opposition's demands to close loopholes in the existing tax system. Then, it would discuss "other problems", a phrase universally acknowledged to refer to the LDP tax plan.

The LDP has a clear majority in the Diet. It could, if it wished, impose a limit on debate on Recruit and existing tax issues in the committee and then ram through its tax bills. It could, theoretically, force an extension of the Diet session. But the custom in Japanese politics is that the ruling party does not take advantage of its majority if all the opposition is united against it.

The Japan Socialist Party, the largest opposition party, has made clear that it will still do everything it can to block discussion of the consumption tax, but two other opposition groups, the Democratic Socialist Party and the Komeito, appear to be taking a more flexible attitude. The DSP has links with trade unions that would benefit from the tax reforms and the Komeito has been weakened recently by internal strife.

The LDP has recently been appealing directly to public opinion - a rare phenomenon in Japanese politics - through newspaper advertisements and speeches asking for support for its tax reform plan. Polls indicate that opposition to the consumption tax has dropped from about 80 per cent last year to just over 50 per cent. Thus, it looks as if the LDP may be able to make some progress towards discussing its tax bills in the next few days. It should also be eble to get agreement to extend the legislative session if, as seems increasingly likely, that becomes necessary.

In a move that suggests considerable confidence, the ruling party decided late on Friday to appoint Mr Shin Kanemaru, a former deputy prime minister and mentor of Mr Takeshita, as chairman of the new parliamentary committee. Mr Takeshita, who has already said he is staking his political life on the tax reform, would be in a tough spot if even Mr Kanemaru could not succeed.

The only thing tbat could halt the LDP's progress at this point is the possibility of damaging new revelations in the Recruit case emerging from one of the two inquiries. If the opposition parties get a sniff of something, they would be inclined to drag out tbe parliamentary inquiry and block discussion of the tax issues.

If sometbing substantial does come out, the LDP could be in real trouble. The potential problem lies not so mucb in the fact that large amounts of money were allegedly given secretly to leading politicians. That is commonplace in Japan. It is rather in the politicians' claims that they knew nothing

So many of the party's leaders have been linked to the case that, if a direct connection was found, the LDP leadership succession could be problematical. It is interesting, in this context, that in recent weeks Mr Nakasone has been assuming a higher profile, making critical remarks about his successor and admitting publicly that the idea of a comeback has occurred to him.

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AMERICAN NEWS

Britain seeks UN chemical weapons inquiry

By Robert Mauthner, Diplomatic Correspondent

BRITAIN yesterday urged Mr Javier Pérez de Cuéllar, the United Nations Secretary-General, to initiate an investigation into the use of chemical weapons by Iraq against its Kurdish population, on the basis of mounting evidence of injuries suffered by Kurdish refugees.

The proposal, made at a meeting between Sir Crispin Tickell, Britain's Permanent Representative at the UN, and Mr Pérez de Cuellar, was made after extensive weekend lobbying by Britain of other nations, particularly members of the UN Security Council.

It followed similar calls for such an investigation coming from several Scandinavian countries.

If the proposed inquiry were to find evidence of Iraqi use of chemical weapons, it would be theoretically open to the Security Council to impose sanctions against Iraq, though British officials last night described such speculation as premature.

In London, the Foreign Office said Britain now regarded the weight of evidence for the use of chemical weapons as "compelling", particularly that supplied by United States sources, though British officials still drew back from describing it as "conclusive".

The demand for an independent investigation is being made under the terms of the recent Security Council Resolution 620.

In addition to condemning the use of chemical weapons in the conflict between Iran and Iraq, the resolution said member countries would consider immediately "appropriate and effective measures," in the event of any future use of chemical weapons in violation of international law.

Britain is confident that its request for an investigation will receive a favourable response from the United Nations Secretary-General and will have the backing of the US and, probably Japan.

However, the reactions of Britain's European Community partners to the weekend soundings have not been uniformly positive.

While West Germany, which has maintained good relations with Iran throughout the Gulf war, can be expected to support the move, France, with its strong economic and defence links with Iraq, would clearly be much more reluctant to support a move which is bound to incense Baghdad further.

Last Friday, the US Senate approved e bill which would impose economic sanctions on Iraq, including a ban on United States loans and on imports of Iraqi oil, until tha regime stopped using chemical weapons.

The bill has yet, however, to be passed by the House of Representatives; if it is, President Ronald Reagan would than have to decide whether to approve or veto it.

It was not clear last night how the proposed UN inquiry would proceed, especially if UN investigators were refused entry by Iraq.

However, the Iraqi authorities, having consistently denied the use of chemical weapons in Kurdistan, hava invited Western journalists to visit the region this week in an effort to prove their innocence.

Still little goes right for Quayle

By James Buchan in Canton, Ohio

POOR J. Danforth Quayle.

Just when the bustling Indiana senator seems to be hitting his stride for George Bush's campaign, e newspaper prints allegations about how he cut corners earlier in his career and another day is spent in denials or evasions.

On Friday, the issue was how the Republican vice-presidential nominee got into law school back in 1970 and it distracted everbody – the candidate, his campaign and the press – from a promising day's tour of the northern Ohio towns of Canton and Youngstown.

These cities were laid low by the collapse of steel and engineering industries at the turn of the 1980s, but are now shakily picking themselves up. Local unemployment round Canton was over 10 per cent in 1986, but was just 5.3 per cent in July, according to the Ohio Bureau of Employment Services.

Behind the revival in jobs are stories of gritty self-help that might have been designed to help Mr Quayle dispel his chief current liability: his reputation for having swanned through life with the help of his powerful publishing family.

Bnt oothing went quite right. As the 41-year-old senator set off on Friday morning to tour a steel plant rescued by workers and management out of bankruptcy in 1986, his staff was struggling with new charges of Quayle string-pulling, this time to get into law school.

The Cleveland Plain Dealer reported on Friday morning that Mr Quayle had got into the law school of Indiana University in 1970 through a special programme designed for people with low marks, especially if they were black or poor.

One of the school deans explained that tha special entry requirements were dropped after two years and never developed into a full-scale "affirmative action" programme, largely because very few blacks applied. But Mr Quayle still had to fend off demands by reporters that he publish his school and college records. "I got into law school fair and square," Mr Quayle said several times during the day. "Nothing improper was done and no rules were broken."

The new story follows charges that he pulled strings to serve in the Indiana National Guard and avoid combat duty in Vietnam and to get a job after leaving law school. It provided ammunition for ribald attacks by a noisy group of labour activists, disgruntled Vietnam veterans and left-wing Democrats which followed him round Canton on Friday.

Quayle: "I got into law school fair and square."

But Mr Quayle, who appears to have a boundless belief in his own fitness for tha vice-presidency and the sunniest of temperaments, gave no sign of losing his poise. At the Mercury stainless steel plant just outside Canton, he pattered through a speech before workers who had taken a 20 per cent pay cut to save the plant.

Mr Quayle said he had sponsored the bill which had provided nearly $190,000 for training at the plant.

At a steel-fabrication plant in Youngstown, Mr Quayle spoke to another group of workers. "I come from Indiana," he said. "We're the largest steel-producing state in the nation. We have steel-stamping machines. I can identify with steelworkers."

Mr George Niarchos, a middle-manager at the plant and a likely Republican voter, said: "Every politican wants a piece of this place because it's a success. But Quayle has absolutely nothing to do with it." Other workers, who were wearing Dukakis/Bentsen tee-shirts, went back to their machines, shaking their heads.

Even on his home territory, Mr Quayle sounded daffy. At a lunch before the Rotary Club in Canton – about as friendly an audience as any Republican candidate could want – he fielded a few questions about inner cities, federal health insurance and the ozone layer.

In each case, his answer began shakily, then gained in confidence, then became quite incoherent.

But if Mr Quayle probably did not do the Bush campaign much good on Friday, he did not do it much harm. There is a growing sense that Mr Quayle's use of privilege is becoming an old story. Said Mr Jim Nelson, a manager at Mercury Stainless: "The guy is 41. I don't think it matters now that he served in the Guard or how he got into school."

Ten wounded in protests on Pinochet's anniversary

By Mary Helen Spooner in Santiago

TEN PEOPLE have been shot and wounded and 350 have been arrested in protests marking the 15th anniversary of the bloody coup that brought General Augusto Pinochet to power, police and hospital sources said on Monday.

General Augusto Pinochet was forced to cut short a visit to a working-class district of Santiago on Sunday afternoon following incidents in which the presidential motorcade was stoned by anti-government demonstrators. Gen Pinochet's bodyguards then fired on the demonstrators.

The incidents followed an official ceremony marking the regime's 15th anniversary.

Authorities reported that a car loaded with 60kg of explosives was found parked in the vicinity, with a timing device set to trigger an explosion a few minutes after the ceremony began. The would-be car bomb was dismantled shortly before Gen Pinochet's arrival by agents of Chile's security police, who said the car had been placed there "by individuals dressed as policemen."

The car, had it exploded, was not close enough to have harmed the Chilean leader but would have injured pro-government demonstrators and passers-by in the area.

Chile's pro-government newspaper, El Mercurio, later received e call from a man who said he was a spokesman for Chile's tiny Marxist guerrilla organisation, the Manuel Rodriguez Patriotic Front, and who claimed responsibility.

IFC optimistic on developing countries

By Stephen Fidler, Euromarkets Correspondant

THE International Finance Corporation, the World Bank affiliate established to promote prodnctive private investment in developing countries, has delivered an optimistic assessment of the outlook for these countries.

In its annual report published today, the IFC says: "The economic environment during fiscal year 1988 continued to be difficult for many member countries, but was better than seemed possible a year ago".

Despite uncertainty about the year or two ahead, policies intended to encourage private sector development introduced by many governments "are beginning to show results", it said. "The medium-term outlook, if these policies are sustained, is encouraging."

It recorded a 48 per cent increase in new commitments signed during the year, which ended on June 30. Some $1.1bn (£650m) was committed, compared with $742m in the previous year. In 1988, the equivalent of $652m in loans and $110m for equity was disbursed from the IFC's own account, compared with $328m in 1987.

The IFC will try to increase the share of equity in its investment portfolio, says Sir William Ryrie, Executive Vice-President and IFC head.

The agency's income, which doubled from $25.4m to $53.8m between 1986 and 1987, doubled again to $100.6m in 1988. There will be no efforts, says Sir William, to increase profits beyond that.

Loss provisions and investments written off were both down on 1987. Provisions charged to income fell to $40.4m, from $52.0m while write offs dropped to $17.6m from $31.9m.

The IFC plans a modest increase in its direct borrowings from the capital markets in the current year, to $800m. For the time being, however, it will continue to focus on the private placement market, rather than public offerings.

Coming out of big brother's shadow

By Stephen Fidler

SIR William Ryrie seems eminently suited to the business of helping countries in financial difficulties. He was, after all, doing just that 12 years ago as Economic Minister at the British Embassy in Washington when the UK Government was forced to go cap-in-hand to the International Monetary Fund.

For the past four years, however, he has been head of the International Finance Corporation, the World Bank affiliate responsible for encouraging the private sector in developing countries.

"We were once a project financer; now, we think of ourselves as an investment bank for development," he says.

The IFC has long been overshadowed by its big brother. In the 1970s under Mr Robert McNamara, the World Bank underwent rapid expansion. Lending was carried out through government intermediaries.

The World Bank still lends large amounts of money to the private sector via governments, while the IFC lends directly to the private sector. Yet, it is increasingly recognised that the government development funds through which much of the World Bank money has been channelled have a poor record.

Because they are government owned, these organisations are protected from their own financial mistakes and tend to be easily influenced by those in power, Sir William says.

If the 1980s can be said to be marked by a shift in emphasis towards the private sector, the balance between the two organisations could be expected to shift too. That is indeed what Sir William, 59, would like to see.

The question is whether the IFC can do much more for the

Sir William Ryrie: shift towards private sector

developing countries than provide marginal help. In answer to this question, Sir William points out that in the late 1960s foreign private investment accounted for a quarter of all capital flows to the developing countries. It now accounts for 10 per cent of flows that are in real terms much lower.

In other words, it cannot provide the solution to the paucity of investment in the Third World, but it can significantly contribute towards a solution, which continues to require a role for official finance.

Apart from encouraging a recovery in bank lending – easier said than done – Sir William also sees the IFC supporting efforts in developing countries to encourage foreign direct investment.

For the future, Sir William is trying to ensure the IFC becomes less bureaucratic. The IFC's management has become the first among the multinational agencies to get authority to approve financings without the say-so of its board.

"It's important for us to be quicker on our feet and more businesslike," he says.

Ashland executives said to face stolen property charges

By Our Foreign Staff

ASHLAND Oil confirmed yesterday that Mr Orin E Atkins, the company's former chairman and chief executive officer, and Charles H. Dougan, a former vice-president and head of the London crude oil trading office, hed been arrested and charged in July with the interstate transportation of stolen property in connection with the theft of confidential Ashland documents.

Tha company said Mr Charles Barnett, a Florida attorney, and Mr Roy M Furmark, a former Ashland consultant, were also arrested and charged.

The company said the charges involved an alleged conspiracy to steal confidential internal Ashland documents and sell them to the National Iranian Oil Co for use in its litigation against Ashland.

According to the New York Times, which quoted papers filed with the Federal District Court in Manhattan and law enforcement officials, Mr Atkins, who resigned as Ashland's chairman in 1981, was arrested after Customs Service agents videotaped a conversation in which Mr Atkins allegedly told a business associate to sell two confidential memos to Iran for $600,000.

Two lawsuits are pending in Mississippi and Bermuda relating to an oil deal in 1979 between Ashland and the Iranian national oil company. Iran alleges that Ashland failed to pay for seven tankers of oil and is seeking around $500m.

Also arrested in July, according to the report, was Mr Furmark, a New York oil broker. The court records show he was arrested after a Customs Service undercover agent was allegedly given confidential Ashland documents by Mr Furmark in return for a payment of $35,000.

According to the New York Times, the court records say that, while Mr Furmark was attempting to sell information to Iran, he testified to Congress that he was involved in the sale of US arms to Iran as well as a potential $1bn purchase of crude oil from Iran.

Two other men were also arrested and charged with interstate transportation of stolen goods which carries e maximum prison sentence of 10 years.

All four pleaded not guilty and were released. According to the New York Times, law enforcement officials decided to keep the arrests secret, to try to track down Iranians involved in the case.

It is not clear whether Iran took possession of the memos. However, Federal and Ashland investigators told the Times Iran was allowed to examine and take notes on roughly 1,000 pages of confidential Ashland documents at a meeting in London in 1986.

Mob violence reminds Argentina of grim old times

Gary Mead reports on a general strike rally which degenerated into street battles with the police

BY Latin American standards last Friday's riots in Buenos Aires were tame stuff. One burnt-out car, 37 police and 76 civilians in hospital, a number of banks and shops with smashed windows, one .22 bullet through the knee of e trade unionist.

But in today's Argentina the sudden eruption of mob violence at a Peronist general strike rally is a grim reminder of just how fragile is the country's five-year-old democracy.

Foreign correspondents in Argentina have grown accustomed to such rallies, which generally evoke as many yawns as stories. There was no expectation that the 12th general strike would be any different from the previous 11. The usual pattern is for trade unionists and Peronist politicians to call for the Radicals to resign, for negotiations with the International Monetary Fund to cease, and to speak at length about "hunger, misery and justice." Surely riots, let alone tear gas and baton charges, were a thing of the past?

The rally was held in the Plaza de Mayo, possibly the world's most politically abused square – every politician uses it to exhort the masses in one direction or another. The CGT exploits the square's historic significance to the hilt, frequently describing it as Plaza de Peron. General Peron must be one of the few dead dictators still dominating half e country.

Huge pictures of General and Eva Peron swayed above the platform where Mr Saul Ubaldini, secretary general of the CGT, called on 15,000 people to drive out the IMF and government ministers. At the start, the only peculiarity was the absence of Mr Carlos Menem, the Peronist presidential candidate. Given his huge prestige with the rank-and-file of the party, his non-attendance showed a very un-Peronist reluctance to step into the limelight. With hindsight he must be happy he stayed away. He has since accused the Radicals of starting the fight.

Within an hour of starting his speech, Mr Ubaldini and other trade union leaders were driven off the podium by tear gas. In the nearby Avenida de Mayo, the riot was in full flood. By chance I found myself in the heart of the conflict.

An eye-witness suggested that activists in the Peronist Youth Movement and a leftist faction had started brawling. Within seconds we faced a barrage of bricks and other missiles being thrown at the two dozen police and national guardsmen stationed nearby. Their mistake had been to try to put out fires started by the mob and to intervene in the melee.

Buenos Aires is a potential rioter's paradise; pavements everywhere have been dug up, with rubble and duckboards lying everywhere to hand.

The police neither hesitated nor panicked, though they were very jumpy. They responded to the bricks by shooting off smoke and tear gas canisters at close range and lobbed back bricks which had been thrown at them.

Their attempt to break up the riot was understandable, their behaviour towards some of those arrested was harsh. I saw one detainee, already in custody, being clubbed across the face, and other journalists witnessed similar unnecessary attacks.

But within minutes the political push-up had swiftly degenerated into wanton destruction and looting. The London City cafe took a pasting because it was there, rather than for any Falklands-connected reason.

The mob retreated, re-grouped and launched fresh attacks until finally overwhelmed by gas and police reinforcements. The vast majority of peaceful marchers did their best to leave the scene as quickly as possible.

Within an hour the whole episode was over. The same will not be true of its political reverberations. By Saturday, most windows had been repaired; the once-strong sense of democratic stability will take longer to heal.

The Interior Minister, Mr Enrique Nosiglia, known to be close to President Alfonsin, said afterwards that his government will not "permit that such incidents, provoked by minority groups, impede the operation of the democratic system". He reminded the CGT and Peronist opponents that under this administration there have been 12 freely permitted general strikes.

Mr Ubaldini has a different view; he compared the police action to the worst seen in Chile under President Pinochet. That exaggeration is a useful flag to wave under the nose of an Argentine working class suffering unprecedented recession and rapidly declining living standards. The CGT has pinned the entire blame on the government.

The notion that minority groups were responsible for Friday's brief chaos holds little comfort for those concerned for Argentina's cradle democracy. Rumours sweep through the city, suggesting the Government initiated the unrest in order to dirty the image of Peronism. Another blames the Montoneros, Argentina's confused Peronist terrorists who still give the military sleepless nights, despite supposedly having been wiped out in the late 1970s.

Everyone will blame someone else, without searching for deeper reasons. For Argentina, sadly, that is quite like old times.

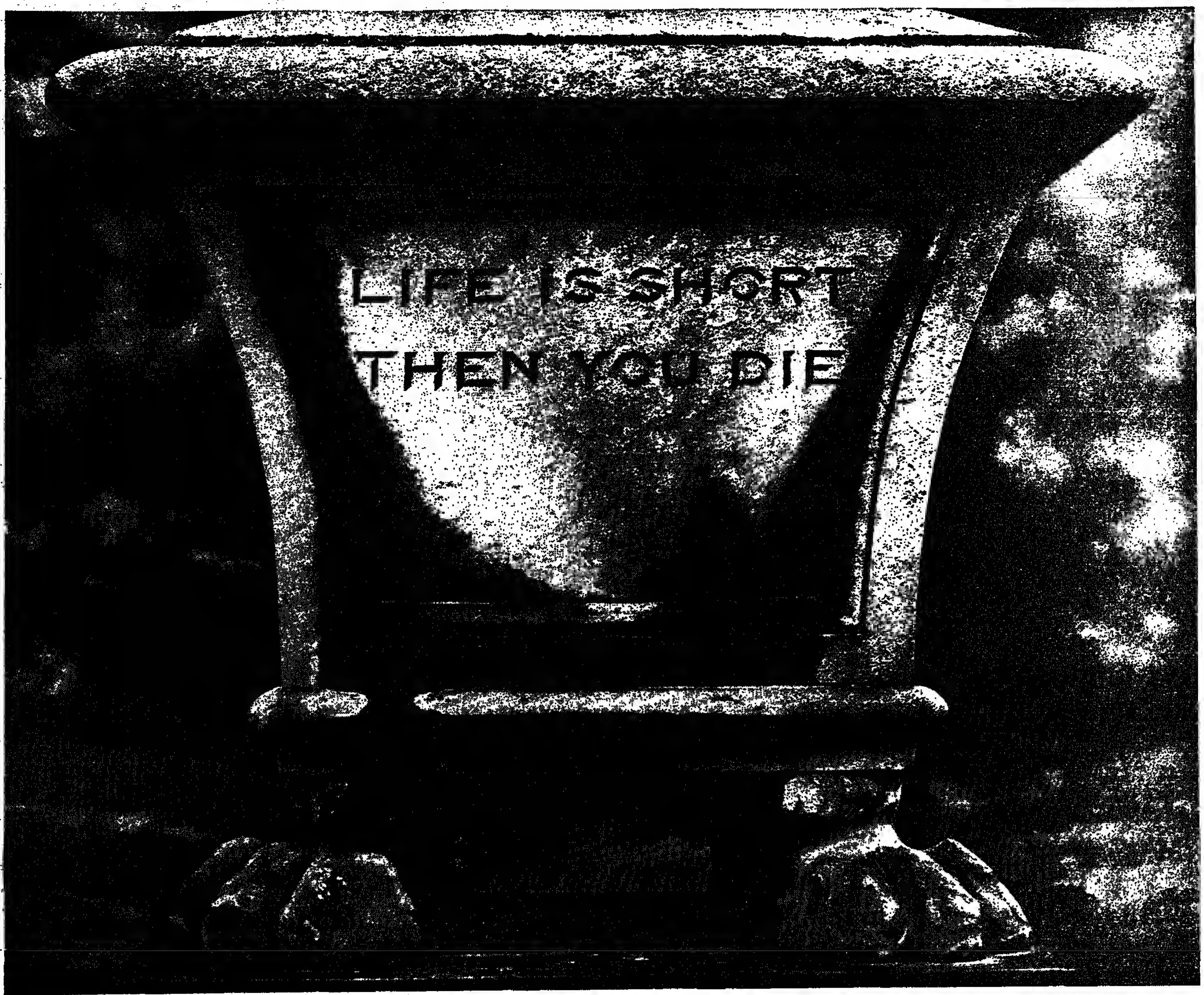
ARGENTINIANS stopped work yesterday for the second time in four days, as most state-employed workers obeyed the call for the 13th general strike since President Raúl Alfonsín took office in December 1983. Most private businesses worked normally but all state enterprises halted for 24 hours, Gary Mead writes.

The strike was called by the General Confederation of Labour (CGT) late on Friday evening, following riots in Buenos Aires at a rally marking the 12th strike.

The CGT and left-wing groups claim riot police started Friday's conflict. Opposition Peronist politicians suggested that elements supporting the Radical Party Government provoked the riots. Radical Party politicians denied both allegations.

The Peronist presidential candidate, Mr Carlos Menem, who did not attend last Friday's rally, backed yesterday's strike. But it received patchy support from other Peronist politicians and trade unionists.

The Minister of Labour, Mr Ideler Tonelli, backed last Friday's police action. He described yesterday's strike as "illegitimate" and "mistaken". However, he added that the Government had no intention of declaring such strikes illegal, since that would mean "giving in to confrontation".



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"There must be a better way." And that's Lord Thomson, Chairman of the IBA talking.

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Revoke them if a company misbehaves or underperforms. Franchises should be tradeable on the stock exchange and franchisees liable to take-overs from UK based public companies.

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Network programmes aimed at young, sophisticated audiences.

Expanded regional news programmes like 'Coast to Coast' – the sort of thing that satellite channels can never hope to match.

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If, as has been mooted, TV franchises are in future awarded to the highest bidder, our profitable, well diversified business base gives us the financial muscle to compete very effectively. And we shall.

Financially we may no longer be dependent on our franchise, but we aim to keep it.

As Woody Allen also said: "I don't want to achieve immortality through my work, I want to achieve it through not dying."

TVS ENTERTAINMENT

US rejects Japanese request to remove tariffs

By Ian Rodger in Tokyo

MR William Verity, the US Commerce Secretary, has once again rejected a Japanese request to remove punitive tariffs on a range of Japanese imports to the US. The sanctions were imposed last year because of Japan's alleged infringements of a bilateral semiconductor agreement.

But the Secretary, who is visiting Japan with a US trade delegation, would not comment on suggestions made last week by US semiconductor makers and consumers that the sanctions be increased.

Mr Verity said in Tokyo that part of the agreement, calling for an increased share in the Japanese chip market for US producers, was not being realised. The US share was only about 10 per cent, no bigger than in 1982, he added.

In a letter accompanying the agreement, the Japanese side "recognised the US semiconductor producers' expectations" that the US market share in Japan would reach 20 per cent within five years. Mr Verity acknowledged that US chip shipments to Japan have been growing rapidly because of strong demand in the Japanese market, but regretted that there still seemed to be barriers in some sectors.

"Why can't we sell our semiconductors to the Japanese car industry?" he asked, pointing out that US chips are considered the best by both the European and US car industries.

Japanese government officials feel there is no longer any justification for maintaining the sanctions. They say the main reason US market share in Japan has not increased more quickly is that US producers do not have enough capacity to supply the fast growing market.

Despite the continuing friction over chip trade, Mr Verity said he was pleased with the progress of bilateral trade relations in general over the past year. "Most of the problem areas in the trade arena with Japan have been solved in the past year," he said.

Japanese officials are very worried about the implementation of the recently passed omnibus trade act, but Mr Verity predicted that the new Administration, whichever party it came from, would implement the legislation "in such a way that you will have nothing to fear".

He also tried to assuage anger in Japan about the inclusion of sanctions against Toshiba, the Japanese electrical company, in the bill. "We will administer that part of the bill so it will not be a detriment to Japan," he said, adding that the US appreciated Japan's greatly increased co-operation in blocking exports of high technology goods to the Soviet Union.

Turkey sees EC entry as key to foreign investment

By David Buchan in Istanbul

TURKEY sees entry into the European Community as its "main means" of attracting private foreign investment, Mr Turgut Ozal, its prime minister, told EC businessmen yesterday.

The Turkish leader was speaking in the wake of last week's critical report by the Organisation for Economic Co-operation and Development (OECD), which attributed Turkey's "disappointing level" of foreign investment to the country's soaring inflation rate.

Addressing an EC-Turkish business week, organised by International Business Services (IBS) for the European Commission and the Ankara Government, Mr Ozal pledged a progressive reduction in inflation from nearly 70 per cent recently to 30 per cent by 1992.

Foreign doubts about the longevity of his generally pro-business Government had, Mr Ozal said, arisen because the Turkish opposition had sought to turn the September 25 referendum (on whether early municipal elections should be held) into a confidence vote on his Government.

The premier said his ruling Motherland Party would use the entire five-year mandate it won last year, regardless of the referendum's outcome.

Mr Claude Cheysson, the EC Commissioner for Mediterranean policy, has forecast that the Commission's opinion on Turkey's 1987 application for EC membership would come in the first half of 1989. He believed EC member states would find it politically difficult to be negative on the Turkish bid, though any entry negotiations would be long and hard.

Many Europeans are worried about more Turkish workers swelling the ranks of Europe's unemployed. Mr Ozal suggested that more inward EC investment would keep more Turks at home, "and free circulation of (Turkish) labour will cease to be a problem for member states".

The Turkish leader appeared yesterday to assume a bias toward Turkish entry among the representatives of 174 EC companies. They would, he believed, respond less to "prejudices and fixed ideas lying in the dusty pages of history" than the Community's politicians and bureaucrats.

Turkish officials yesterday promised that January 1989 would see a 20 per cent closer alignment between Turkish tariffs and the EC's common external tariff toward Third World countries, but they foreshadowed no further cuts on duties between the Community and Turkey itself.

The tariff question is of key importance to the EC businessmen gathered here to discuss joint ventures in tourism, chemicals, electronics, food, mining, and mechanical engineering with representatives of some 252 Turkish companies.

Australia is diversifying its exports

By Chris Sherwell in Sydney

SMALL ships, computerised embroidery systems, bionic ears, green-keeping equipment and processed ginger have joined the lengthening list of successful Australian exports, reinforcing the diversification needed to combat the country's external payments problems.

The expanding range was highlighted yesterday when the Australian Trade Commission (Austrade) and the Confederation of Australian Industry announced 35 finalists for the bicentennial year national export awards.

The awards are seen as the most important event in the national export drive begun in mid-1986, and are designed to recognise outstanding export achievement. Apart from cash prizes, they bring the winners publicity and distinction.

This year's finalists, selected in groups of five across seven categories covering manufacturing, services and commodities, are a reminder of the changes under way in the Australian economy.

Australian Shipbuilding Industries, for example, which is a finalist in the large manufacturer category, is the country's largest builder of small ships. By chalking up sales to India, Saudi Arabia, Kenya and various South Pacific countries, exports now represent 74 per cent of the total.

Cochlear, in the medium manufacturer category, makes the ingenious bionic ear implant system, which restores a measure of hearing to profoundly deaf patients. It is part of the Nucleus group, and its exports comprise more than 90 per cent of sales.

One novel competitor is Buderim Ginger, which sells processed ginger to Cadbury-Schweppes of the UK. A growers' co-operative in Queensland, it has doubled sales since 1983 and earns 65 per cent of the total from exports.

Bionic ears are among the items which are boosting Australian exports

The manufacturer of computerised embroidery systems is Wilcom, and it is fighting to win the small manufacturer category. Significantly, its product has no real domestic market, and 98 per cent of sales are abroad.

Another competitive sector will be the new exporter category, where Greencare, which has an unusual international turf maintenance business, will find among its rivals Western Australia's Gold Corporation, producer of the successful Australian Nugget bullion coin, which has quickly captured 10 per cent of the world market.

Other businesses battling for supremacy include a fashion house, a company offering educational services to foreign students, a manufacturer of catalytic converters, the developers of a conveyor belt monitoring system, makers of various types of scientific equipment, and a defence equipment exporter.

Even in the traditional field of resources, the finalists reflect Australia's growing diversification. They include the Ashton diamond mining group, a producer of cut and polished opals, and a major exporter of livestock to the Gulf.

The winners of the awards are due to be announced at a ceremony in Brisbane next month.

S Koreans file against French

A SOUTH KOREAN cement maker has filed an anti-dumping suit with the Seoul government against a French company, the Ministry of Finance said yesterday, AP-DJ reports from Seoul.

The ministry said Union Corp, South Korea's only manufacturer of alumina cement, formally lodged the lawsuit with the Customs Deliberation Committee, charging dumping in Korea by Lafarge Fondu International of France.

Union localised production of the fire-proof and chemical-resistant cement last September, and has since suffered serious business losses due to the alleged dumping by Lafarge, which has 70 per cent of the world market, Union officials said.

A Union spokesman accused Lafarge of selling cement at discounts of up to 136 per cent.

EC concern at US textile bill

THE European Economic Community expressed concern yesterday about the approval by the US Senate last Friday of the textile and apparel trade bill, AP reports from Brussels.

Mr Willy de Clercq, European External Relations Commissioner, said that the bill, if enacted, would "inevitably lead to the collapse" of the Multi-fibre Agreement, which regulates world trade in textiles, and "seriously jeopardise" the Uruguay round of international trade negotiations.

The US Senate approved draft legislation that would put limits on US imports of textiles, apparel and shoes. The vote fell too short, however, to override an expected veto by President Reagan. The measure must be approved by the US House of Representatives before going to Mr Reagan.

Mr De Clercq said that the Senate's move "can only add to existing uncertainty in world trade" because it came soon after last month's enactment of the US trade bill.

He hoped the US Administration's opposition to the bill would be maintained and that President Reagan would veto the draft law.

Mr Marlin Fitzwater, White House spokesman, has already said President Reagan will veto the bill if it reaches his desk. Mr Reagan vetoed an earlier version of the textile trade bill last year after it was passed by the House of Representatives.

Bill backers eager to beat opponents

SENATE supporters of the textile and apparel industries are going into this week determined to break their opponents' grip on import restraint legislation and send the bill to the House of Representatives once for all, AP reports from Washington.

"Business is business," Sen. Ernest F. Hollings declared on Friday as the Senate approved the bill 57-32. "Business is not fair. It's no use crying and moaning about fairness. We've got to do something."

The bill, designed to limit foreign competition to selected US industries, would freeze this year's textile and apparel imports at 1987 levels and limit growth to 1 per cent annually from then on.

Imports of non-rubber footwear would be capped at 1987 levels with no increases in market share for foreign manufacturers allowed.

Supporters say it would save American jobs while critics counter that it would raise prices, narrow consumer choices and throw a wrench into the gears of international trade.

President Ronald Reagan's administration is vowing an all-out effort to block the textile bill, even if it means an election-eve battle to sustain a presidential veto.

Opponents of the bill managed to keep it bottled up in the Senate over the weekend, even though it already has won approval.

A second vote is needed to send the measure to the House, which already has passed a similar bill and must now vote on Senate changes.

The opponents threatened to filibuster the second vote and it appeared that the Senate would not be able to wash its hands of the bill until today or even later. But there is no question that supporters will eventually get the bill to the House and this week's dispute mainly represents a mopping up action.

Panama Canal traffic unaffected by crisis

By Tim Coone, recently in Panama

SHIP TRAFFIC through the Panama Canal has so far been unaffected by the country's deepening political and economic crisis. Mr Fernando Manfredo, the Deputy Administrator of the Panama Canal Commission (PCC), said in an interview that transits through the waterway had continued to rise during the 15-month-old crisis and that the joint US-Panamanian committees dealing with the day-to-day operations of the Canal had continued to meet despite the conflict existing between their respective governments.

Normally the Board meets four times a year, only one of which is usually held outside of Panama. Due to the present crisis however, the last meeting was held in Savannah as a compromise location between Panama and Washington.

The downturn in prices depressed oil companies while manufacturers benefited from weak sterling

ICI pushes BP off the top of the UK export league

By Peter Montagnon, World Trade Editor

ICI TOPPED the ranks of leading British exporters last year, marking the first time since BP assumed the lead in 1976 that a manufacturing company has forced its way into the top position in the league table of exporters compiled each year by the FT.

With a 5.6 per cent increase in exports to £2.93bn it gained a commanding lead over last year's winner, BP, whose own export sales rose by a slower 2.7 per cent.

The table shows how the continued weakness of the oil price has depressed the performance of oil companies generally, while the weakness of sterling helped manufacturing companies consolidate their relative position in the table.

Weakness in world demand for investment goods, however, also depressed the heavy engineering sector, many of whose companies showed above average falls in their export totals. While retaining its ranking as Britain's sixth largest exporter, GEC managed to increase its exports by only 1.2 per cent, the weakest performance of any company in the top 10.

ICI's lead is meanwhile likely to be shortlived as it is already being threatened by British Aerospace whose exports rose 35.2 per cent last year to £2.8bn. Around £150m of this increase was due solely to its acquisition of Royal Ordnance, but a much bigger boost will come this year from its takeover of the Rover Group with exports of just over £1bn.

Against the general trend for oil companies, Britoil came out as the fastest growing exporter in percentage terms last year with a 66.5 per cent increase to £811m. It was followed by Hanson Trust and Allied Lyons with increases of 64 per cent and 58.5 per cent respectively.

The sharpest decline was recorded by John Brown, whose exports fell by 38.1 per cent, followed by Northern Engineering Industries (NEI) with a drop of 34.3 per cent. The next largest falls were all recorded by oil companies — Conoco, Petrofina UK and Mobil Oil, whose export turnover slid by 29.3 per cent, 26.7 per cent and 26.6 per cent respectively.

Another above average fall was recorded by Pearson, the diversified conglomerate which owns the FT. Its export total fell by 21.9 per cent, mainly as a result of the sale of its engineering interests at the end of 1986.

Elsewhere British Steel, whose exports surged 26.7 per cent in 1986, saw a slowdown in the growth of its export turnover. Exports rose only 16.3 per cent in 1987 but still topped the £1bn mark.

The weakness of the dollar also slowed down the export advance of Jaguar Cars with an increase in 1987 of only 14.5 per cent to £710m. Elsewhere in the motor industry Rover put on a strong performance with a 35.8 per cent increase in exports to £1.04bn, while Ford UK increased its export turnover by 15 per cent to £1.25bn.

British Coal, which had ranked 49th with exports of £173m in 1986, slipped out of the table after a 62 per cent fall in its exports last year. Other departures included Gallaher, Lasmo and British Shipbuilders.

Newcomers included APV, Amersham International, Dawson International, Rowntree, Cyanamid, Roche Products and Delta.

TOP 100 UK EXPORTERS - 1987

Ranking 1987	Ranking 1986	Company	Exports 1987 (£m)	% of UK t/o	Exports 1986 (£m)	% of UK (£m)	% change 86/87	UK employees 1987 (No.)	UK employees 1986 (No.)	% change 86/87
1	2	ICI	2,927.0	52.0	2,771.0	52.3	5.6	55,800	56,800	-1.8
2	1	BP	2,847.0	24.4	2,772.0	27.0	2.7	27,900	28,700	-2.8
3	3	British Aerospace	2,801.0	68.7	2,071.4	66.0	35.2	85,374	75,480	13.1
4	4	Shell UK	2,389.0	49.2	1,958.0	41.4	22.0	13,636	14,620	-6.7
5	5	IBM UK Holdings	1,837.0	52.7	1,432.0	46.5	28.3	18,026	18,801	-4.1
6	6	GEC	1,291.0	33.5	1,276.0	33.0	1.2	122,328	126,623	-3.4
7	8	Ford UK	1,254.0	32.5	1,090.0	25.5	15.0	45,200	47,200	-4.2
8	9	British Steel	1,162.0	29.8	999.0	30.5	16.3	51,600	52,000	-0.8
9	10	Rolls Royce	1,148.0	58.1	918.0	53.5	25.1	38,900	38,800	0.3
10	7	Esso UK	1,062.5	38.0	1,115.2	45.9	-4.8	4,840	5,532	-9.8
11	11	Rover Group	1,043.0	57.3	768.0	50.2	35.8	43,374	61,510	-29.5
12	13	Britoil	811.0	68.8	487.0	49.8	66.5	1,687	1,800	-6.3
13	12	Jaguar Cars	710.0	73.6	620.0	74.7	14.5	12,200	10,440	16.9
14	23	Johnson Matthey	621.1	74.3	527.0	68.9	17.6	3,580	4,350	-17.7
15	21	Guinness	483.0	27.1	377.4	27.3	28.0	22,716	24,150	-5.9
16	16	Courtaulds	479.0	30.4	430.0	30.3	11.4	46,000	45,000	2.2
17	18	BAT Industries	470.0	31.2	418.0	30.1	12.4	30,256	25,875	16.9
18	17	Unilever	446.0	13.6	412.0	12.1	8.3	44,000	50,000	-12.0
19	14	Texaco	439.0	16.9	470.8	24.7	-6.8	2,960	2,976	-0.5
20	22	Varity Holdings	416.1	67.1	373.3	68.7	11.5	9,168	11,228	-18.2
21	19	Glaxo	395.0	62.9	393.0	62.9	0.5	10,867	11,815	-8.0
22	25	Kodak	382.0	52.1	356.7	53.9	7.1	7,231	7,247	-0.2
23	23	Hawker Siddeley	340.0	36.9	358.0	22.3	-5.0	23,300	26,100	-4.9
23	28	Lucas	340.0	48.9	314.0	19.4	8.3	42,000	45,600	-7.9
25	26	Philips	321.0	23.5	337.0	25.1	-4.7	20,700	21,000	-1.4
26	15	Conoco	306.0	35.2	433.0	38.1	-29.3	1,474	1,476	-0.1
27	33	Tenneco Europe	298.5	46.9	271.5	44.2	9.9	8,827	8,482	4.1
28	32	Rank Xerox	284.5	40.4	273.1	42.3	4.2	7,200	7,300	-1.4
29	36	Ciba-Geigy	283.4	40.9	249.8	39.9	13.5	7,170	7,178	-0.1
30	20	Mobil Oil	282.0	20.3	384.0	29.0	-26.6	1,946	1,988	-2.1
31	35	Racal Electronics	264.1	30.0	259.5	33.4	1.8	19,047	20,164	-5.7
32	31	BTR	258.3	12.6	274.0	13.6	-5.7	42,400	43,300	-2.1
33	38	Esso Chemicals	253.8	49.9	236.4	50.8	6.5	1,362	1,380	-1.3
34	37	Vickers	252.4	46.1	245.8	50.6	2.7	12,168	12,022	1.5
35	29	STC	249.0	16.5	279.0	20.5	-10.8	28,900	29,700	-2.7
36	40	Beecham Group	235.9	34.3	216.7	33.5	6.8	11,300	14,300	-21.0
37	54	Gulf Oil	234.5	40.9	163.4	34.8	43.5	750	751	-0.1
38	44	Wellcome	231.6	66.6	196.4	64.2	17.7	6,589	6,543	0.7
39	48	De La Rue	229.7	79.7	179.2	84.1	28.2	4,857	3,831	26.8
40	43	Turner & Newall	224.0	35.9	205.0	48.7	9.3	18,247	17,912	1.9
41	96	Allied Lyons	221.1	8.6	139.5	5.7	58.5	62,226	61,722	0.8
42	41	Inco Europe	220.9	56.9	214.9	52.7	2.8	3,772	4,073	-7.4
43	30	Rothmans International	220.0	65.7	276.0	67.8	-20.3	3,437	4,688	-26.7
44	42	Caterpillar UK	217.1	98.7	214.2	91.0	1.4	2,099	1,806	16.2
45	34	BICC	217.0	13.6	267.0	25.2	-18.7	25,769	26,000	-0.9
46	27	NEI	207.0	35.8	315.0	46.5	-34.3	15,985	19,962	-19.9
47	39	Thorn EMI	203.0	10.9	236.6	11.7	-14.2	46,823	56,806	-17.6
48	47	English China Clays	200.0	34.7	182.0	34.5	6.8	10,813	11,281	-4.1
49	69	APV	185.2	65.4	59.3	35.7	229.2	8,138	3,976	54.4
50	57	J.C.Bamford	161.7	64.6	167.7	68.1	21.7	1,443	1,355	6.5

Ranking 1987	Ranking 1986	Company	Exports 1987 (£m)	% of UK t/o	Exports 1986 (£m)	% of UK (£m)	% change 86/87	UK employees 1987 (No.)	UK employees 1986 (No.)	% change 86/87
51	76	Hanson Trust	188.0	4.1	114.6	5.2	64.0	50,000	54,000	-7.4
52	50	Philpot Dairy Products	184.2	89.9	171.0	81.9	7.7	73	59	23.7
53	51	Davy	183.2	45.8	168.7	53.8	8.6	7,163	5,700	25.7
54	56	Grand Metropolitan	183.2	5.1	160.6	4.9	14.1	83,297	79,200	5.2
55	46	FKI Babcock	181.4	22.9	182.4	57.7	-0.5	20,838	13,314	56.5
56	52	Brit.Alcan Aluminium	180.8	28.3	164.5	37.5	9.9	10,420	10,260	1.6
57	55	Plessey	174.0	15.2	161.9	14.0	7.5	25,377	27,361	-7.3
58	60	Seagram Distillers	172.4	46.9	149.2	50.9	15.5	2,092	1,944	7.6
59	53	Rio Tinto Zinc	171.6	11.6	164.3	13.2	4.4	18,877	18,274	3.3
60	73	Westland Group	167.7	31.1	119.0	35.5	40.9	8,979	10,357	-13.3
61	64	Ferranti International	167.3	41.4	140.0	35.9	19.5	20,269	20,077	1.0
62	59	Cummins Engine	158.0	53.9	153.8	63.7	2.7	4,696	4,930	-4.7
63	71	British Nuclear Fuels	152.0	19.2	121.9	19.4	24.7	16,940	16,285	4.0
64	63	Associated Octel	148.2	80.4	142.6	81.3	3.9	2,261	2,271	-0.4
65	68	Monsanto	147.0	51.0	125.8	48.6	17.5	3,030	3,180	-4.7
66	67	Reed International	145.0	10.5	103.8	8.6	40.8	21,500	23,800	-9.7
67	45	Pearson	143.0	24.7	183.0	28.0	-21.9	17,166	22,323	-23.1
68	74	Michelin Tyre	141.4	23.7	118.2	21.9	19.6	11,712	11,685	0.2
69	78	Smiths Industries	137.6	45.5	116.3	43.3	18.3	8,790	9,000	-3.3
70	62	Short Brothers	137.5	61.0	147.4	73.9	-6.7	7,132	7,157	-0.3
71	78	Hewlett Packard	137.1	32.0	114.0	32.0	20.3	3,643	3,594	1.4
72	68	Coats Viyella	134.2	12.7	137.7	13.2	-2.5	41,544	43,120	-3.7
73	75	Metal Box	133.0	21.5	118.0	19.6	12.7	15,600	17,400	-10.3
74	84	Marks & Spencer	126.1	3.0	115.1	3.0	9.6	39,881	39,319	1.4
75	62	Dowty	120.2	19.3	108.8	21.0	10.8	13,312	12,929	2.7
76	70	IMI	120.0	26.8	122.0	31.4	-1.8	14,587	15,176	-3.9
77	61	TI Group	119.2	33.8	147.7	25.6	-19.3	12,600	20,000	-37.0
78	79	Ingersoll Rand	118.6	68.9	111.7	66.3	6.2	3,428	3,372	1.7
79	83	Pirelli UK	118.6	38.5	107.3	29.2	10.5	7,463	7,371	1.2
80	94	Schering Holdings	111.0	51.8	87.7	90.9	26.6	2,016	2,208	-8.6
81	88	Du Pont	108.0	26.5	104.7	28.2	8.2	2,550	2,202	15.8
82	87	Polaroid	108.0	73.6	103.0	73.8	4.9	1,660	1,750	-5.1
83	81	Pilkington Brothers	107.8	18.0	110.7	23.0	-2.6	15,200	16,200	-6.2
84	91	Cookson Group	104.6	27.8	93.4	28.7	12.0	7,096	4,704	50.9
85	64	GKN	104.0	14.6	140.0	17.2	-25.7	19,200	19,300	-0.5
86	80	Lilly Industries	99.8	57.2	111.5	61.5	-10.5	2,689	2,710	-0.8
87	95	Goodyear Tyre & Rubber	98.6	30.7	87.5	30.8	12.7	6,000	5,969	0.5
88	67	Petrofina UK	98.5	11.1	134.3	19.3	-26.7	1,444	1,516	-4.9
89	68	John Brown	97.4	46.3	157.3	54.0	-38.1	3,867	4,644	-16.7
90	—	Amersham International	96.6	83.1	82.2	81.6	16.7	2,210	2,170	1.8
91	—	Dawson International	93.8	75.6	88.8	80.1	5.6	6,932	7,377	-6.0
92	72	Simon Engineering	92.6	25.0	119.6	34.3	-22.7	6,512	6,192	6.7
93	—	Rowntree	91.0	16.8	74.7	14.6	21.8	15,589	16,300	-4.5
94	99	Boots	90.8	4.2	61.5	4.3	11.4	65,306	62,337	4.8
95	89	Portals	90.3	57.6	101.1	62.6	-10.7	3,061	3,071	-0.7
96	98	Fisons	89.3	38.7	82.3	37.8	8.5	4,277	4,364	-2.0
97	—	Cyanamid UK	88.1	57.0	82.7	58.4	8.5	1,954	1,678	16.4
98	97	Cadbury Schweppes	83.1	8.4	85.5	10.6	-2.8	12,620	12,737	-0.9
99	—	Roche Products	82.2	52.6	72.8	53.2	12.9	1,805	1,873	-3.6
100	—	Delta	79.5	23.0	78.0	19.4	4.6	10,450	10,450	0.0

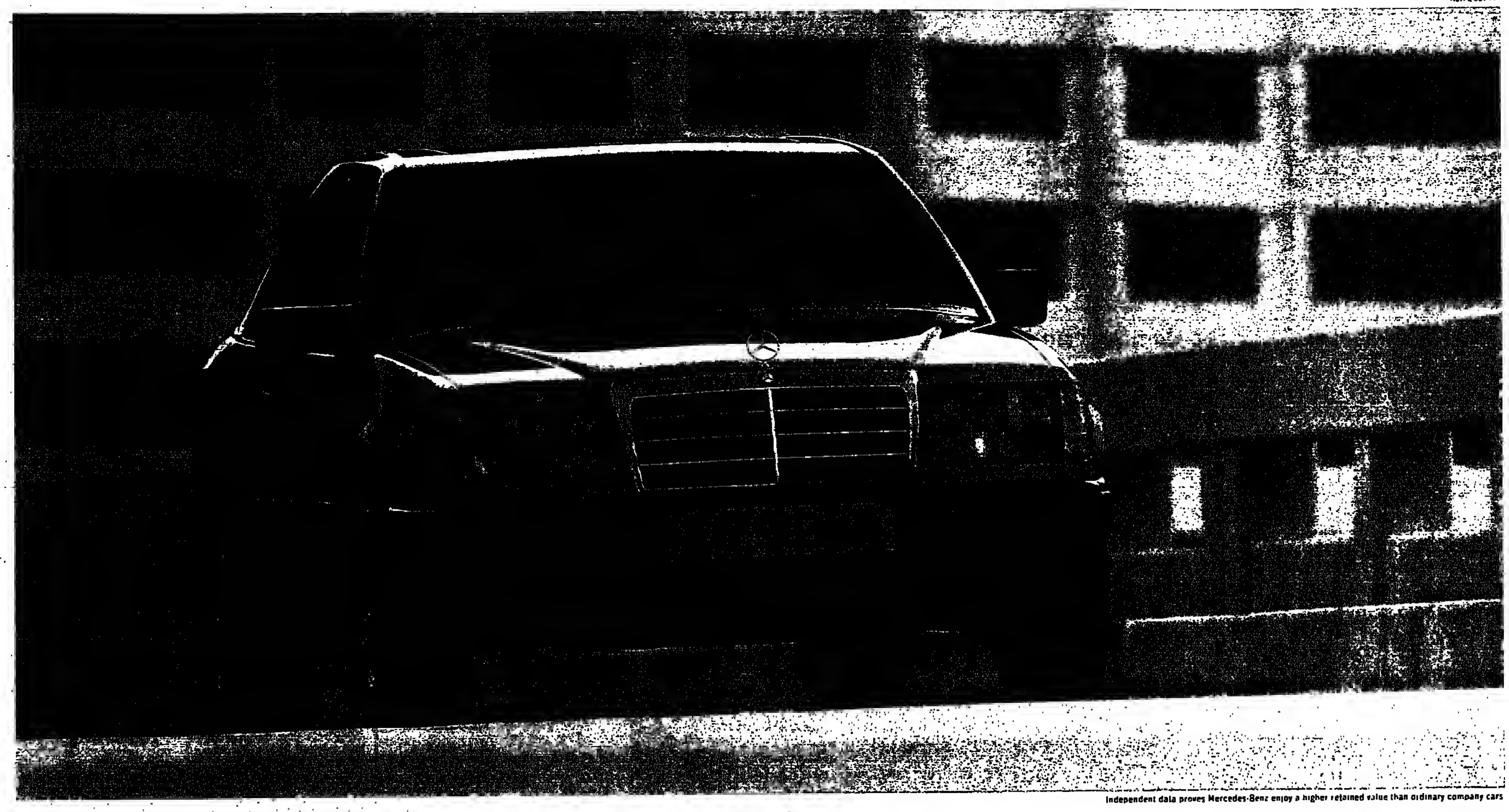
Rank

1 ICI - Volume of exports from group companies located in UK. % of UK turnover calculated on the figure of total t/o of group co's located in UK £5,630m, UK t/o is £2,703m. T/o in UK by the location of customer is £2,732. Y/e 31.12.87.
2 BP - Y/e 31.12.87.
3 BRITISH AEROSPACE - T/o is mostly UK, but includes small overseas contribution consolidated in accounts. British Aerospace completed its purchase of Royal Ordnance in April 1987 and subsumed RO's exports (£150m) into its own figures.
5 IBM UK HOLDINGS - 1987 (1986) Exports breakdown : £1,596m(£1,172m) exported goods (Greenock & Havant), £241m (£260m) exported services (Hursley, ISL and other international centres). Y/e 31.12.87.
6 GEC - Y/e 31.3.87.
8 BRITISH STEEL - Employment figures are at year end. Average weekly figures are 52,800 (53,860). Y/e 31/3/1988.
11 ROVER GROUP - 1986 employment figure includes employ£706m(£359m) increase of 97%, Land Rover £337m(£259m) increase of 30%. divested activities in 1986 exported £130m. Rover Group is in the process of being taken over by British Aerospace. Y/e 31/12/87.
13 JAGUAR CARS - UK t/o £927.4m; Total t/o £1,002.1m.
14 JOHNSON MATTHEY - Exports to external customers £402m (£340m), exports to overseas subsidiaries £219.1m (£189m). Y/e 31.3.88. Ranked 23rd on £358m y/e 31.3.86.
16 COURTAULDS - Y/e 31.3.88
17 BAT INDUSTRIES - Y/e 31.12.87
18 UNILEVER - Company does not publish no. of UK employees. Employment figures relate to Europe as a whole. UK t/o include sales between different product groups.
20 VARITY HOLDINGS - formerly Massey Fergusson. Brand names remain same.
27 TENNECO EUROPE - Tenneco's oil exploration and development subsidiary reported 1987 (1986) sales of £26.6m (£24.7m). Company cannot calculate how much of this is exported and therefore assumes no exports for that division. £197.9m is intercompany exports.
35 STC - Export sales include a substantial proportion of transfers to overseas subsidiaries for resale at added value.
38 WELLCOME - Y/e 29.8.1987
39 DE LA RUE - Y/e 31.3.88.
41 ALLIED LYONS - Y/e 31.3.88. Ranked 96th, on £96.9m exports y/e 31.3.86.
42 INCO EUROPE - Y/e 31.12.87
45 BICC - Y/e 31.12.87.
46 NEI - Y/e 31.12.87.
47 THORN EMI - Y/e 31.3.88.
49 APV - Merged with Baker Perkins (ranked 69 in 1986 table Exports £125.4m), its exports for y/e £104m. APV's figures include 9 months of Baker Perkins, split not available.
52 PHILPOT DAIRY PRODUCTS - Part of Milk Marketing Board. Y/e 31.3.87.
54 GRAND METROPOLITAN - Employment breakdown Part/time 25,360, Full/time 58,937.
55 FKI BABCOCK - formed by the merger of FKI Electricals and Babcock International in August 1987. In July 1987 FKI acquired Stone International. Y/e 31.3.88.
57 PLESSEY - Y/e 3.4.87.
58 SEAGRAM DISTILLERS - Y/e 31.1.88.
59 RIO TINTO ZINC - Y/e 31.12.87.
65 MONSANTO - Y/e 31.12.87.
66 REED INTERNATIONAL - UK t/o is on country of origin basis, £1,388m (£1,202m), alternatively UK t/o by geographical market was £1,285m (£1,199m). Y/e 31.3.88.
67 PEARSON - The reduction in exports since 1986 are mainly the result of the sale of Pearson's engineering sector at the end of 1986.
69 SMITHS INDUSTRIES - Y/e 1.8.87.
70 SHORT BROTHERS - Y/e 1.3.87.
71 HEWLETT PACKARD - Y/e 31.10.87.
72 COATS VIYELLA - Y/e 31.12.87.
73 METAL BOX - Y/e 31.3.87.
74 MARKS & SPENCER - Employees Full time equivalent. Part/time 40,530(38,466), Full/time 20,784(21,153). Y/e 31.3.88/
75 DOWTY - Y/e March 88.
76 IMI - Y/e 31.3.88.
83 PILKINGTON BROTHERS - Y/e 31/3/87.
84 COOKSON GROUP - Export breakdown £61.818m by subsidiary companies, £42.773 by related companies. Employment 5,148 in subsidiary companies, 1,948 in related companies.
85 GKN - Y/e 31.12.87
87 GOODYEAR TYRE & RUBBER - Exports breakdown £81.7m to Europe, £16.9m outside Europe.
88 PETROFINA UK - Y/e 31.12.87.
90 AMERSHAM INTERNATIONAL - Y/e 31.3.88.
91 DAWSON INTERNATIONAL - Y/e 31.3.88.
94 BOOTS - Y/e 31.3.88
95 PORTALS - Y/e 31.12.87.
96 FISONS - Y/e 31.12.87.
97 CYANAMID UK - Y/e 30.11.87.

BASF CHEMICALS & RHONE POULENC UK (formerly May & Baker) declined to supply their export figures.

Research by Jan Schling, Editorial Research

RJA-289FTF



Independent data proves Mercedes-Benz enjoy a higher retained value than ordinary company cars

The Mercedes-Benz 200-300E series stands out in any company

A Mercedes-Benz delivers more than just envious glances in the car park. It lives up to its reputation of being outstandingly reliable and offering stress-free driving on both short and long trips. And, without being coy about it, gives immeasurable pleasure. If hour after hour is being spent driving up and down motorways or stuck in slow-moving traffic between meetings, the experience should be as painless as possible. It's the difference between arriving at your office (or worse, someone else's office) dishevelled and weary, rather than relaxed and on-the-ball.

Can You Afford Not To Have One?

In some circles the suggestion of a Mercedes-Benz company car might raise an eye-brow or two, but not from the Financial Director. The residual value of any car in the 200-300E series is undoubtedly one of its best features. A quick glance down the numerous column inches of used car advertising in the quality press will tell you all you need to know.

Few cars have the ability to strike the same balance between comfort, handling, performance, safety and re-sale value. A Mercedes-Benz is engineered to perform every function superbly well not just a few specifics.

Who Says You Can't Mix Business With Pleasure?

Certainly not Mercedes-Benz. The 200-300E series offers seven exciting alternatives that are all supremely logical. (Including the recently introduced 300E 4-matic with its innovative automatically-engaging four wheel drive system.) To satisfy both high mileage businessmen and fast moving executives there are five petrol and two diesel models, with a choice of engine sizes from two litres to three litres.

MODEL	ENGINE (CC)	NO OF CYLINDERS	BHP (DIN)	0 62 MPH (SECS)	MAX (MPH)	STANDARD TRANSMISSION	MPG (LITRES/100 KM) URBAN	56 MPH	75 MPH
PETROL 200	1997	4	109	12 6	116	5 speed manual	25 2 (11.2)	46 3 (6.1)	36 7 (7.7)
230E	2299	4	136	10.4	126	5 speed manual	25 4 (11 1)	45 6 (6 2)	36 7 (7.7)
260E	2599	6	166	9.5	133	4 speed automatic	22 8 (12 4)	34 4 (8 2)	28.5 (9.9)
300E	2962	6	188	8 2	139	4 speed automatic	22 1 (12.8)	34 0 (8 3)	28.2 (10 0)
300E 4-MATIC	2962	6	188	8 8	138	4 speed automatic	20 9 (13 5)	31 7 (8.9)	26 4 (10 7)
DIESEL 250D	2497	5	90	16.5	109	5 speed manual	31 7 (8.9)	52.3 (5.4)	40.4 (7.0)
300D	2996	6	109	13 7	118	5 speed manual	28 8 (9 8)	52.3 (5 4)	40.4 (7.0)

SOURCE MANUFACTURER'S FIGURES/OFFICIAL GOVERNMENT FUEL CONSUMPTION FIGURES

Protecting The Corporate Assets

There is no more important pre-occupation at Mercedes-Benz than the safety and protection of driver and passengers.

Amongst dozens of other safety features, Mercedes-Benz invented the rigid passenger cell and energy-absorbing front and rear crumple zones. There's the clear advantage, too, of a large windscreen wiper with 86% clean sweep. And ABS anti-lock brakes fitted as standard on the 260E, 300E and 300E 4-matic.

The choice of a Mercedes-Benz will enhance both your personal driving experience and your reputation for fine business acumen.

After all, they say you can judge a man by the company car he keeps.

Engineered Like No Other Car In The World.

Ulster security to tighten after bombing

By Our Belfast Correspondent and Ivor Owen in London

SECURITY is likely to be tightened around senior government officials in Northern Ireland after a failed murder attempt yesterday on Sir Kenneth Bloomfield, the province's top civil servant,

Mr Tom King, Northern Ireland Secretary, had an unscheduled meeting with Sir John Hermon, chief constable of the Royal Ulster Constabulary, but declined to comment on specific security matters.

Sir Kenneth, 57, who heads a high-powered unit of officials investigating ways to forge better relationships between the Protestant and Roman Catholic communities in Ulster, escaped serious injury when e series of bombs exploded at his home in the village of Crawfordsburn, some eight miles from Belfast.

The Irish Republican Army claimed that be was "the key administrator of British colonial policy in Northern Ireland . . . Other senior civil servants, part of whose work involves them in formulating British military strategy or advising the administration in this field, should resign their posts or face tbe consequences."

Mr King said that it was "absolntely disgraceful" that an attack should be mounted on a man committed to working for all sections of the community in Northern Ireland. The attack had demonstrated that the IRA was "hell-bent" on undermining every civilised aspect of life in Northern Ireland, he said.

MPs for the Ulster Unionist, the predominantly protestant party opposed to republicanism, yesterday stepped up their demands for the introduction of selective internment of terrorist suspects in both Northern Ireland and the Irish Republic.

Mr John Taylor, the official Unionist MP for Strangford, said that the simultaneous introduction of such internment on both sides of the Irish border would overcome political objections and be acceptable to international opinion.

His views, expressed in a BBC radio interview, brought a guarded response from Mr King who, while reaffirming that the Government had ruled out no couarse of action, said: "We have to weigh these things very carefully."

Mr King was also cautious when asked about the prospects for talks between the Government and the official Unionists.

Mr Taylor had earlier insisted that his party would take no part in talk which helped keep in place the Anglo-Irish agreement, the accord between London a dn Dublin which permits the latter Government to have an official say in the affairs of Northern Ireland.

The murder attempt is likely to be raised at today'e meeting of the Anglo-Irish Conference in Dublin. Sir Kenneth often attends meetings of the conference in his capacity as head of the Northern Ireland Civil Service.

He was chosen 12 months ago by Mr King to head a team investigating ways of helping the most deprived areas of Northern Ireland and played a leading role in drawing up the £10m package of aid announced three months ago for west Belfast.

Unionist politicians were infuriated at the apparent ease with which the IRA was able to pisce four bombs, each containing 20 lh of the lethal Czech-made Seintex explosive, around Sir Kenneth's home.

His home is protected by bullet-proof windows and closed-circuit cameras, but no security personnel were on duty.

The Northern Ireland Office said Sir Kenneth was shocked, but not seriously injured. His wife and son also escaped serious injury.

The attack comes against a background of a warning from the Royal Ulster Constabulary that the IRA intends to step up its campaign of killing and bombing to create a "horrific remainder" to 1988.

In a statement issued through Stormont Castle in Belfast, Sir Kenneth said he had worked for 36 years in the Civil Service trying to be of service to all sections of the community.

He said: "This is the tradition and task of public service in this country and neither they nor I will be deterredfrom the duty we owe to our fellow citizens and to democratic government."

Mrs Margaret Thatcher, the British Prime Minister, expressed deep concerned about the attack and said that it was another example of the total ruthlessness fo the IRA.

SAS chief denies 'death warrant' claim

THE senior SAS officer who commanded the unit which killed three IRA members in Gibraltar in March denied at the inquest into the shootings yesterday that their "death warrants" had been signed when the operation was handed over to him by the local police, writes **Richard Evans**.

The denial came during heated exchanges between Soldier F (the soldiers are identified only by letters of the alphabet), sent to Gibraltar to plan the SAS operation against the IRA bombing team, and the lawyer representing the families of Mairead Farrell, Danny McCann and Sean Savage, all of whom died in a fusillade of bullets.

Soldier F, giving evidence in a screened witness box on the fifth day of the inquest, said that the terrorists were kept under surveillance

During that time, Mr Joseph Canepa, the Gibraltar police chief, signed a form handing over control of the anti-terrorist operation to the military. That, said Mr Patrick McGrory, the families' lawyer, amounted to a death warrant.

The officer replied: "It was not a death warrant, Mr McGrory."

"It was in this case," said the lawyer.

Earlier Mr McGrory, in tense exchanges, suggested that four vital indicators required by the police and military to assume a bombing attack were so accurate that they could have been drawn up with hindsight after the shootings. Soldier F denied that.

Asked whether the terrorists could have been arrested separately when they split up as they headed for the border, Soldier F replied that, given the threat the three posed, he could not take a chance with the lives of the people of Gibraltar by going on a hunch.

Each of the highly trained SAS marksmen was equipped with a 9mm semi-automatic Browning pistol, and Soldier F said it would have taken just three seconds to pump six bullets into the terrorists.

UK telecom group in Danish venture

By Terry Dodsworth, Industrial Editor

AIR CALL Communications, the UK paging company in which Bell South of the US has a 40 per cent stake, is expanding in Europe in a joint-venture deal with ISS of Denmark.

The agreement will be aimed at developing joint telephone-based information services for the Danish market, but there are also plans to launch a paging operation later in Denmark and elsewhere in Scandinavia. Air Call already has paging frequencies available in Sweden.

Mr Warren Taylor, Air Call chairman, said yesterday the ISS deal fits into the company's plans to develop a network of activities in Europe to prepare for the planned integration of the market in 1992.

The group is already a member of the four-nation consortium – West Germany, France, Italy and the UK – which is setting up a European paging system; and Mr Taylor believes that a pan-European network is likely to be introduced in the early 1990s.

ISS is one of the largest private employers in Denmark, running a variety of service businesses. Air Call is estimated to be the UK's second largest paging company.

Union hails accord to move Britain's mountain of mail

It was the strike no one wanted. Mail deliveries in the UK were virtually frozen for 12 days. So who were the winners and the losers as the strike comes to an end? Charles Leadbeater reports on the strike agreement.

Mr Alan Tuffin, general secretary of the Union of Communication Workers, described it as a successful agreement, if not a victory for the union, as an accord was reached to end the 12-day postal strike which stopped virtually all mail deliveries in Britain.

This was the outcome of a strike which the union had never wanted: "Who would have thought Tunbridge Wells, Truro and Ilfracombe would have come out over this issue? This strike has been the Post Office'e creation," Mr Tuffin said.

Mr Bill Cockburn, the Royal Mail's managing director, also claimed victory. The crucial pay supplements for recruits in the south-east of England, which have been at the core of the dispute, will continue to be paid until a replacement system is negotiated. The Post Office had conceded nothing.

Who, then, won and lost from the strike, which involved two-thirds of the Post Office's 140,000 staff and created a backlog of between 150m and 200m letters?

The controversial pay supplements of £7.50 to £20 per week, to ease recruitment at offices in the south-east which have high staff turnover, will continue to be paid. The UCW and the Post Office will immediately begin talks to devise a replacement scheme. There is no timetable for the discussions but both sides talked about reaching an agreement within about six weeks.

Mr Tuffin said the important thing was that the Post Office had agreed the talks should start with a blank sheet. There were to be no preconditions and the Post Office had dropped its insistence upon the introduction of a flexible national rate of pay.

He said the replacement scheme was almost certain to differ from the Post Office's special payments and could involve an extension or increase in payments made to employees in London which account for the higher cost of living in the capital. Talks on London payments are to begin within the next few weeks.

The Post Office stressed the significance of the union's agreement that the special payments should continue to be paid, and its longer-term commitment to a replacement scheme. Mr Cockburn said it was likely any alternative scheme would have to use some form of supplementary payment for recruits, akin to the system already in place.

Mr Cockburn said the union had dropped its insistence that the special payments should be withdrawn before talks could get under way. Mr Tuffin said this had never been a union precondition.

The UCW said the agreement covering the return to work of striking postal staff also met important union demands. Casual staff recruited since the strike started 12 days ago will be released.

Local managers will be able to introduce a range of measures to clear the backlog of mail, but only with the agreement of local union branches. These measures include extra overtime, the employment of additional part-time staff and casual labour, and the diversion of mail from over-burdened offices to offices without such a heavy workload.

There should be no prejudice against staff who took part in the dispute and those suspended during the strike will not face disciplinary action.

Mr Tuffin said these aspects of the agreement were an important gain for the union. The strike escalated last week because management had taken unilateral steps to clear the backlog. The deal says management will only be able to take these steps with the agreement of local branches. In effect, the union has a veto, should it need it.

For its part, the Post Office said the union had committed itself to allow mail to be transferred from one office to another. Mr Cockhurn said opposition to the diversion of mail had been the main force behind the escalation of the dispute.

The UCW'e executive council only accepted the agreement after lengthy talks on Friday and a 4½ hour meeting yesterday. The council had voted unanimously to accept the agreement, Mr Tuffin said.

He dismissed suggestions that more militant branches in Liverpool, London, Manchester and Cardiff may refuse to return to work on the basis of the agreement.

At Liverpool, which has seen the most violent clashes during the dispute, the branch was most concerned that there should be no victimisation of staff on strike; no disciplinary action against suspended staff and no unilateral introduction of casual workers by management, Mr Tuffin said.

It was likely all branches would return to work as the agreement met most of these concerns, he said.

Branches were due to meet this morning with a recommendation from the union's leadership to begin immediate talks with local management aimed at agreeing a return to work. Mr Tuffin said it was likely most, if not all, staff would be back at work by Thursday. It is expected post boxes may be reopened three days later.

The first mail deliveries are expected the day after the return to work. It is likely that initial deliveries will be confined to one a day, with the priority given to first class letters, international mail and mail sent through Datapost.

It is thought the mountain of mail in major sorting offices will take two weeks to clear.

Accountants seek change of law on partnerships

By Richard Waters

BRITISH LAW should be relaxed to allow accountants to bring other professionals into their partnerships, the three UK chartered accountancy institutes say in a submission to the Department of Trade and Industry published yesterday.

Such a move would present an alternative to turning accountancy firms into companies, a route which is expected to be offered in a companies bill this year.

Many firms are considering such moves to give non-accountants the same say in their organisations as accountants.

Mr Brandon Gough, chairman of Coopers & Lybrand, the accountancy firm with the largest management consultancy operation in the UK, said: "We would much prefer to run our affairs as an integrated partnership."

Accountancy firms' consultants presently operate through separate organisations which are linked to the main accountancy partnerships.

Mr Gough said that it was too early to tell, though, whether or not his firm would be forced to become a company if the partnership rules were not relaxed.

The chartered accountancy institutes also say in their submission that the law should be changed to allow genuine mixed partnerships, in which no single group of professionals is in the majority.

However, that is secondary to the accountants' aim of seeing mixed partnerships in which accountants dominate.

The submission has been prompted by the expected companies bill, which is likely to allow auditors to form limited liability companies, provided that accountants maintain control and that they own a majority of the shares in the new companies.

Partnership law should be changed to mirror that, the accountants say. Otherwise, they argue, some firms may be forced to incorporate their businesses when they would prefer to remain as partnerships.

Accountants claim that converting to a company would offer tax disadvantages, that it would require firms to disclose full financial information, and that it may destroy the ethos of the partnership which is still jealously guarded by some firms.

On the other hand, advocates of incorporation claim that this route would enable firms to recognise quasi-corporate management structures which have already been developed.

They also argue that this would enable a separation of ownership and management, which would make firms easier to run.

Taking the route of incorporation would also make it possible for firms to sell some of their shares to outsiders.

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UK NEWS

OFFICIAL FIGURES SAY SPENDING SURGE CONTINUES

Consumer boom defies rise in rates

By Philip Stephens, Economics Correspondent

BRITAIN'S consumers have so far shrugged off successive rises in borrowing costs, with official estimates released yesterday indicating that retail sales are still growing strongly.

The figures, together with separate statistics showing an acceleration in the prices charged by industry at the factory gate, reinforced concerns in financial markets that spending in the economy is still growing at an unsustainable pace.

Immediate reaction was muted, however, as markets looked to a further string of economic indicators during the next two weeks to provide further clues as to whether the Government will be forced into another rise in interest rates.

The Department of Trade and Industry (DTI) said its provisional figures showed the volume of retail sales rose by 0.5 per cent in August.

This was a much smaller jump than the 2.4 per cent seen in July and the Department cautioned that the latest figures were tentative because of the impact of the postal strike on its returns.

The trend over the last three months suggests there has been no let-up in the pace of spending. The volume of sales between June and August was 2 per cent higher than in the previous three months and about 6.5 per cent above the levels seen in the same 1987 period.

That buoyancy reflects continued strong growth in real, or inflation-adjusted earnings, the impact of the tax cuts in the March Budget and, possibly, the delayed impact of sharp falls in interest rates during the early summer.

The Treasury believes the higher mortgage rates which took effect in August and the further rise planned for early next month will slow the spending surge over coming months. In particular, the Government hopes higher borrowing costs will cool the recent feverish pace of house price rises and so discourage further increases in consumer borrowing and spending.

It is accepted in London's financial sector that the past few months could mark the peak of demand in the economy. But there are still concerns that the Government may have to further raise borrowing costs to maintain confidence in the markets and head off an acceleration in inflation.

The trade statistics for August, due on September 27, are being seen as a key test of confidence in the markets.

Yesterday's figures for the producer price index show prices charged by industry at the factory gate rose by 0.4 per cent in August, pushing the annual rate of increase up to 4.9 per cent from 4.7 per cent in July.

The latest figure is the highest for three years, although part of the increase reflected seasonal price changes in the food, drink and tobacco industries.

Official statistics due on Friday are expected to show a sharp jump in the rate of retail price inflation to around 5.5 per cent in August from the 4.8 per cent seen in July, largely as due to higher mortgage rates.

On a more encouraging note, the DTI said yesterday that prices paid by manufacturers for their fuel and raw materials fell slightly in August. The annual rate of increase dipped to 3.9 per cent from 4.3 per cent in July.

The official index of retail sales stood at a provisional 140.8 in August (1980=100) against 140.1 in July. The index of output prices was at 113.9 (1985=100) compared to 113.5 and the index of input prices at 99.2 (1985=100) compared to 99.4.

Barclays leads home loan rises

Barclays Bank pushed the its interest rate on home loans to 13 per cent yesterday, its highest level in three years, writes David Lascelles.

The clearing bank is the first big mortgage lender to respond to the most recent jump in base interest rates engineered by Mr Nigel Lawson, the Chancellor of the Exchequer, to cool the demand for credit. Other lenders were considering their position last night, but a widespread move to the higher level is now expected, although changes may not be immediate.

Barclays, which has led most mortgage rate changes this year, raised its rate from the 11.8 per cent which it had reached at the beginning of August.

The bank's move follows a succession of rises in base lending rates, which the Government intends will help choke off the boom in house prices. UK mortgage rates have risen this year from a low of just below 10 per cent, their lowest level this decade. The mortgage rate last exceeded 13 per cent in 1985 when it peaked briefly at 14 per cent.

Mr Seymour Fortescue, director of retail services at Barclays, said: "We regret the effect this rate increase will have on household budgets but the recent increase in rates generally has given us little alternative."

Most lenders had expected to hold out until the end of this month before announcing another rise in rates. But some said yesterday that they were reviewing their position.

Midland Bank said a decision had been taken in principle to increase its rate, but the time and size were still being discussed.

Scottish industry 'unprepared for 1992'

By James Buxton, Scottish Correspondent

THE opposition Labour Party yesterday accused the Government of doing too little to prepare Scottish companies for the advent of the single European market in 1992.

The accusation followed the leak of a document from the Government's Scottish Office which warned that sectors of Scottish industry may be hurt by increased competition.

The document, a study on the impact of the single market, says that "job losses will be inevitable in the short-term as industries are rationalised and restructured in the face of stiffer international competition." Marginally efficient Scottish companies, it says, could face "considerable threats to their markets."

The study says that Scotland's high-technology industries will be affected by a rise in both competition and standards, and that food and health industries "may be particularly affected by harmonisation of technical standards."

The document says that the likelihood of companies keeping their headquarters in Scotland may be adversely affected by the takeover activity likely to accompany the introduction of the single market. This may ensue as UK companies make acquisitions elsewhere in the EC and companies from other EC companies buy into the UK.

The study also says, however, that the single market will provide greater opportunities by increasing markets for goods and services provided by Scottish countries. The greatest opportunites will fall to the most competitive groups in their market niches and to those alert to the changes.

It says that the Scotch whisky industry, which sends 45 per cent of its exports to EC countries, should benefit from the harmonisation of excise duties and that the financial sector, one of Scotland's strongest areas, is likely to benefit.

Mr Gordon Brown, the Scottish MP who is Labour's spokesman on the Treasury, made the document available to the media and said that it pointed up the inadequacy of the Government's efforts to make businesses aware of the effects of 1992 and the need for a stronger regional policy.

Last night Mr Ian Lang, the Scottish Office Industry Minister, denied Labour's claims. The Government was devoting substantial resources to promoting 1992. Companies in assisted areas remained eligible for regional selective assistance.

POSTAL DISRUPTION

SUN LIFE ASSURANCE SOCIETY P.L.C.

Notice to Shareholders

A circular to shareholders, dated 13th September 1988, containing details of the proposed rights issue by Sun Life Assurance Society P.L.C. ("Sun Life") and the proposed alliance between Sun Life and Société Centrale Union des Assurances de Paris and its subsidiaries, is, in the light of postal disruption, being despatched to shareholders by private courier service. Shareholders who do not receive a copy of the circular (within 2 days of the date of this Notice) are advised to contact Sun Life as provided below:—

Sun Life Assurance Society P.L.C.,
Chief Office,
107 Cheapside,
London EC2V 6DU.
Telephone: 01-606 7788
Contact: D.J. Morgan, Deputy Secretary

The Notice convening the Extraordinary General Meeting to be held on 29th September 1988 appears below.

Sun Life Assurance Society P.L.C.
Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Sun Life Assurance Society P.L.C. will be held at the Registered Office of the Society, 107 Cheapside, London EC2 on 29th September 1988 at 12 noon to consider and, if thought fit, pass the following Resolution, which will be proposed as an ORDINARY RESOLUTION.

THAT:—

(A) the investment in UAP International be and it is hereby approved on the terms contained in the document dated 13th September 1988 submitted to shareholders or on such other subsequent or revised terms as the directors may decide; and

(B) the authorised share capital of the Society be increased from £3,000,000 to £4,500,000 by the creation of an additional 30,000,000 ordinary shares of 5p each; and

(C) subject to and in accordance with Regulation 6 of the Laws and Regulations of the Society, the directors be and they are hereby authorised to allot relevant securities to an aggregate nominal amount of £1,541,873.35."

By Order of the Board,
J. D. Webster
Secretary

Dated 13th September 1988

Registered Office:
107 Cheapside,
London EC2V 6DU

Notes:—
1. Any member entitled to attend and vote at the meeting may appoint a Proxy to attend and, on a poll, vote thereat instead of him. A Proxy need not also be a member of the Society.
2. Forms of proxy, to be effective, must be completed and delivered to The Secretary, Sun Life Assurance Society P.L.C., 107 Cheapside, London EC2B 2YH at least 48 hours before the time appointed for the Meeting or any adjournment thereof.

This notice, which has been prepared by and is the sole responsibility of the directors of Sun Life, has been approved by Kleinwort Benson Limited and by Lazard Brothers & Co., Limited (each members of The Securities Association) for the purposes of Section 57 of the Financial Services Act 1986.

Application will be made to the Council of The Stock Exchange for up to 698,841 new free A-shares of FIM 20 each in Amer Group Ltd to be admitted to the Official list.

AMER GROUP LTD

Share Issue 26th September to 26th October 1988
Notice to holders of free A-shares

Terms of Issue

At the Annual General Meeting of the Company held on 22nd June 1988, the shareholders resolved to authorise the Directors, for a period of one year from that date, to increase the Company's share capital by a maximum of FIM 80 million.

Pursuant to this authority, the Directors at a Board Meeting held on 12th September 1988 have resolved to increase the share capital of the Company by issuing new shares, each with a nominal value of FIM 20, on the following basis:

i) by a rights issue to holders of K-shares, A-shares and holders of warrants attached to the 5½% Bonds due 1994 issued in May 1987, on a one for five basis, increasing the share capital by up to FIM 61,846,560 by the issue of up to 3,092,328 new A-shares at FIM 90 per share. However, if less than 2,200,000 new A-shares are subscribed, the rights issue shall lapse; and
ii) by an issue to employees increasing the share capital by 18th December 1988 FIM 3,000,000 by the issue of 150,000 new A-shares at FIM 100 per share.

Fractions of New Shares

Coupons representing fractions of new shares should either be sold or increased to a multiple of five coupons by the purchase of additional coupons during the subscription period otherwise coupons representing fractions of new shares will be disregarded by the Company and entitlements to new shares will be rounded down to the nearest new share.

Rights Issue

(a) SUBSCRIPTION

The entitlement to participate in the rights issue is evidenced by Coupon No 10 affixed to each free A-share certificate. Each shareholder should arrange for Coupon 10 to be presented at any branch of Kansallis-Osake-Pankki in Finland between 26th September and 28th October 1988. Upon presentation, Coupon No 10 will be surrendered in return for the issue of a rights issue interim certificate. Dealings in Coupon No 10 nil paid will commence on the Helsinki Stock Exchange on 26th September 1988 and will close on 21st October 1988.

Dealings in the rights issue interim certificate fully paid will commence on the Helsinki Stock Exchange on 16th December 1988 and will close immediately prior to the next Annual General Meeting of the Company which is expected to take place in June 1989. No dealings in the rights issue interim certificate nil paid will take place.

(b) PAYMENT

Payment should be made in FIM by one instalment not later than 15th December 1988 at any branch of Kansallis-Osake-Pankki in Finland. Interest will be paid at a rate of 11% per annum on payments received on or before 30th November 1988 for the period from payment to 15th December 1988. If payment is not made by 15th December 1988 the Directors will have recourse to certain remedies including charging interest at the rate of 16% per annum for the period from 15th December 1988 to the date on which payment is received by the Company.

(c) DOCUMENTS

Upon payment, interim certificates will be receipted by Kansallis-Osake-Pankki and returned to the coupon holder.

Issue to Employees

Simultaneously with the rights issue the Company is offering up to 3,000,000 new A-shares to its employees, pensioners and Directors. Employees who are U.S. persons or Canadian persons or who are located in the United States or Canada are not eligible to subscribe for shares to be issued by way of the Issue to employees.

Dealings on The Stock Exchange

Dealings on The Stock Exchange are expected to be as follows:
i) Coupon No 10 (nil paid) – commence 26th September 1988 and close on 21st October 1988;
ii) rights issue interim certificate (fully paid) – commence 16th December 1988 and close immediately prior to the next Annual General Meeting of the Company (see above).

Subscription Restrictions

The Company's new free A-shares have not been, and will not be, registered under the United States Securities Act of 1933. The new free A-shares may not be offered or sold, directly or indirectly, in the United States or to U.S. persons.

The new free A-shares may not be offered or sold, directly or indirectly, in Canada or to Canadian persons.

Under Finnish law and the Company's Articles of Association, the Company's restricted A-shares may be held only by Finnish persons.

Reference should be made to the Extel Card and brochure referred to below for additional information concerning subscription and related restrictions.

Definitive Documents of Title

It is expected that the new free A-shares issued pursuant to the rights issue will be registered with the Finnish Patent and Registration Office before the end of February 1989 and that new definitive share certificates will be issued in respect of the issue to employees and in exchange for the rights issue interim certificates at a time to be announced by the Directors, which is expected to be at the end of March 1989.

Extel Card

Particulars relating to the Company will be available in the Extel statistical services. A copy of the Extel Card, which comprises listing particulars required by the Financial Services Act 1986, will be delivered for registration on 22nd September to the Registrar of Companies, and together with brochure "Share Issue 26th September to 28th October 1988" prepared by the Company will be available free to shareholders from Coopers & Lybrand, Plumtree Court, London EC4A 4HT from 26th September 1988.

Any shareholder who is in doubt as to the action to be taken should contact his professional adviser or the Company at Makelankatu 91, PO Box 130, SF 00601, Helsinki, Finland for the attention of Seppo Salminen, Group Executive Vice-President, Chief Financial Officer. Telephone: 010-358-0-75771.

12th September 1988, Helsinki, Finland.

The contents of this advertisement have been approved for the purposes of section 57 (1) of the Financial Services Act 1986 by Coopers & Lybrand who are authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

UK NEWS

Beecham suspends trials of heart drug

By Peter Marsh

BEECHAM, the UK pharmaceutical company, said yesterday it has suspended for two months long-term clinical trials involving a highly regarded heart drug which the group is developing for the early 1990s.

The drug, Cromakalin, has been found to cause heart lesions in some of the monkeys on which the product was being tested to simulate the long-term effects Cromakalin may have on humans.

The monkeys had received 100 times the dose recommended for humans.

Beecham said it was too early to say if the intended 1992-1993 launch for the product would be delayed.

All 750 patients in Britain taking the drug in clinical trials lasting several years will be taken off the treatment until scientists at Beecham have worked out what caused the lesions.

Cromakalin has excited interest in the pharmaceutical industry for its novel action in combating heart problems such as hypertension.

Heart drugs of this type, which have annual sales of about £8bn, add up to a huge and fast growing section of the world pharmaceutical market.

One of a new class of drugs called potassium channel activators, Cromakalin increases the flow of potassium ions through muscle membranes in the cardiovascular system, reducing blood pressure.

Mr James Culverwell, a drugs industry analyst at Hoare Govett, a London stockbroker, said yesterday that Cromakalin was one of the most promising drugs in Beecham's research pipeline.

Pilkington fights to keep window open on the UK

Ian Hamilton-Fazey reports on the geographical dilemma of a northern-based company as the single EC market draws near

Pilkington, world's largest glassmaker, faces an agonising choice between the north and south of England next month over the investment of tens of millions of pounds in a new floatglass plant. The choice could prove crucial with the approach of the single European market in 1992 and the Channel tunnel.

The company has 50 per cent of the UK market, the expanding bulk of which is located in the south-east of England in the 50 miles around London.

Its dilemma is that, as the crow flies, at least seven competitors' plants in northern France or Belgium are nearer London than is St Helens, the Merseyside town, outside of Liverpool, where Pilkington's *float glassmaking is based.*

The company fears its competitors will score a telling sales point by claiming to be nearer their London customers, thus making inroads into Pilkington's market share, after trade barriers come down in 1992 and the Channel tunnel is completed a year later.

It could cost between £20m and £30m extra, however, to build the plant in the south-east. The cost of expansion in St Helens is estimated at between £40m and £50m because it would fit beside the existing plant.

The St Helens plant cost £80m when built in 1975 because it incorporated an over-sized batch factory for assembling materials. This plant was designed to feed two glassmaking tanks should the company want to put in a second one.

Starting from scratch in the south would mean building a new batch plant as well as a glassmaking tank.

St Helens borough council, the town's two labour Members of Parliament, and Pilkington's trades unions yesterday pleaded with the Pilkington company to build the plant in the town.

They said the proximity argument could be countered with a warehouse for bulk stocks of finished glass in the south-east and an associated glasscutting plant.

"We would even help them build it," Mr Keith Flanagan, area secretary of the GMBATU, the general, municipal and boilermakers union, said.

"The south-east is only three or four hours' drive away from St Helens and will be even nearer when the town gets a £26m spur to the M62 motorway in 1992.

"The council and unions argue that building the new float glass plant in St Helens represents the best cost option for Pilkington.

Mrs Marie Rimmer, leader of the council and a key figure in mobilising community support for the glassmaker against the hostile takeover bid by BTR, British industrial group, in the winter of 1986-87, said:

"This is not an emotional plea but a logical one. I always thought good business was about making things at the highest quality but lowest possible cost."

She said building the plant in the south would involve construction on a greenfield site, the delay of planning inquiries, finding and training suitable personnel in a region which was already struggling with skill shortages, and having to pay out tens of millions of pounds more to do so.

Mr Mike Doyle, chairman of the council economic development committee and another stalwart in the anti-BTR battle, said not investing in St Helens would also be bad for investment into the town, since it would look as if Pilkington was lacking in confidence.

The company and the council had formed a partnership with other private businesses to foster economic development.

This appeared to be working: unemployment is down to 12.6 per cent - about five points better than the average for Merseyside, Liverpool - but there are fears about the effects of the new plant going south.

The unions believe local investment would help stabilise the labour market even more quickly.

About 18,000 jobs have been lost in the town's glass industry in the last 13 years and Pilkington's payroll has dropped from more than 18,000 in 1975 to only 7,000.

More job losses are likely as new production technology increases the scope for yet more productivity gains.

A new float glass plant, the unions believe, would slow down the rate at which the jobs are likely to go.

The company has been holding confidential talks with the council and unions for several months.

The issue has been made public in the last few weeks before the decision has been made, partly so the council and unions can prove to their supporters that they have been doing their jobs.

Pilkington's senior management is understood to be divided on the issue, but the balance may be shifting back towards St Helens, according to one source close to the chairman.

Mr David Wood, head of information services, said yesterday: "Ultimately, it is the company's position in its UK market that will count. Cost is less important, though it will be a major factor."

The decision will go the chairman's senior team next month and then on the October meeting of the full board.

Tax-free bonds urged for urban investment

By Andrew Taylor, Construction Correspondent

BRITISH companies should be allowed to issue US-style tax free bonds to encourage greater private investment in run down urban areas, according to a report published yesterday by UK construction industry leaders.

The joint taxation committee of the construction industry, which represents most of the industry's leading trade associations, said that tax incentives would encourage investment by private companies.

The committee has proposed a series of tax concessions which include an extension of the Business Expansion Scheme to provide tax relief for individuals investing in companies carrying out developments in depressed areas.

Tax free bonds issued by US corporations, said the committee, had been particularly successful in promoting inner city regeneration in parts of New York, San Francisco and Baltimore.

It added that capital allowances were permitted for development in other European countries, the US, Australia and New Zealand.

The committee said that it would also like companies investing in approved projects to be eligible for capital allowances at a special 5 per cent straight line rate and to be able to claim relief against corporation tax.

The report comes after the Government last year asked construction industry leaders to identify measures which would encourage private companies to invest more heavily in depressed areas.

The committee estimated that its proposals would attract almost £3 of investment for every £1 of tax relief. This compared with the Business Expansion Scheme, which for most of its life had produced less than £2 gross investment for every £1 of tax relief.

It said that tax incentives would be triggered by specific private sector initiatives and that they might therefore be more attractive to the government than regional grants, which were often slow to process because they had to be strictly controlled.

The committee said that various clawbacks could be introduced to prevent its tax relief proposals being abused by companies and investors.

Individual Business Enterprise Scheme investors, for example, might lose their relief if a sale of the investmemnt took place within five years. Companies might be expected to repay corporation tax relief after 10 years, while capital allowances could be clawed back if a project was sold within 20 years of completion.

Coilcraft to build plant in Scotland

By James Buxton, Scottish Correspondent

COILCRAFT, a US electronics company, announced yesterday that it is to set up a plant in Scotland to make components for the European electronics market.

The privately owned group is to make surface mounted chip inductors at a plant in Cumbernauld, near Glasgow.

The announcement is the third significant piece of good news for Cumbernauld in three weeks. It follows news of OKI Electric's plans to step up production and take on 100 people by the end of the year and last week's announcement that Tenma, the Japanese plastic injection moulding company, will create 200 jobs in the area.

The company intends to start production with only half a dozen people in January next year, but hopes to build up to employing 120 people within five years.

Illinois-based Coilcraft makes a range of inductors and transformers for the electronic equipment market, including computer manufacturers, radio and telecommunications, and the automotive market.

The group has plants in the US, Mexico, the Caribbean, Singapore and Taiwan and employs 1,700 people worldwide.

Executives can now improve their creativity by 24%.

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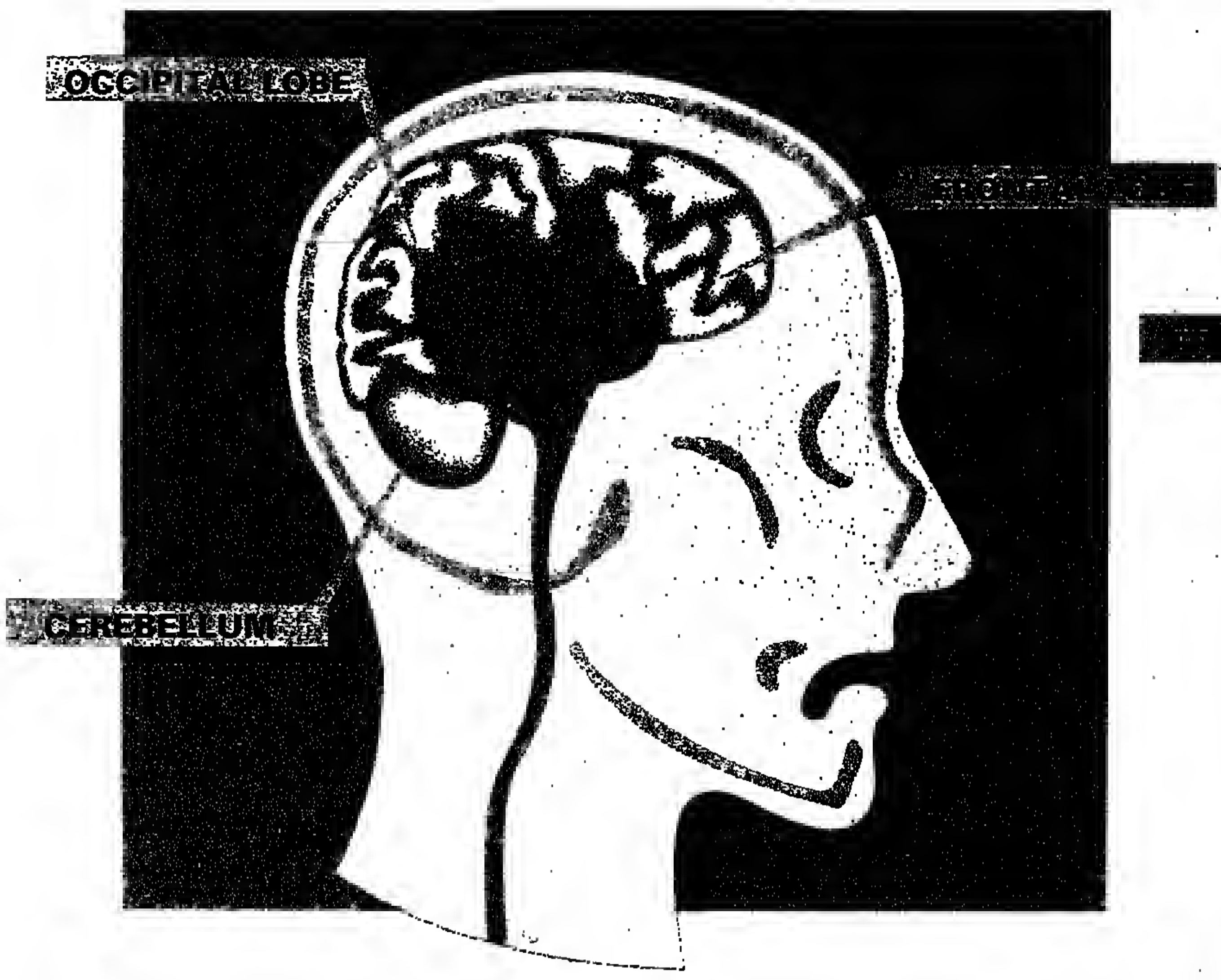
It can easily get frustrated with conventional computers



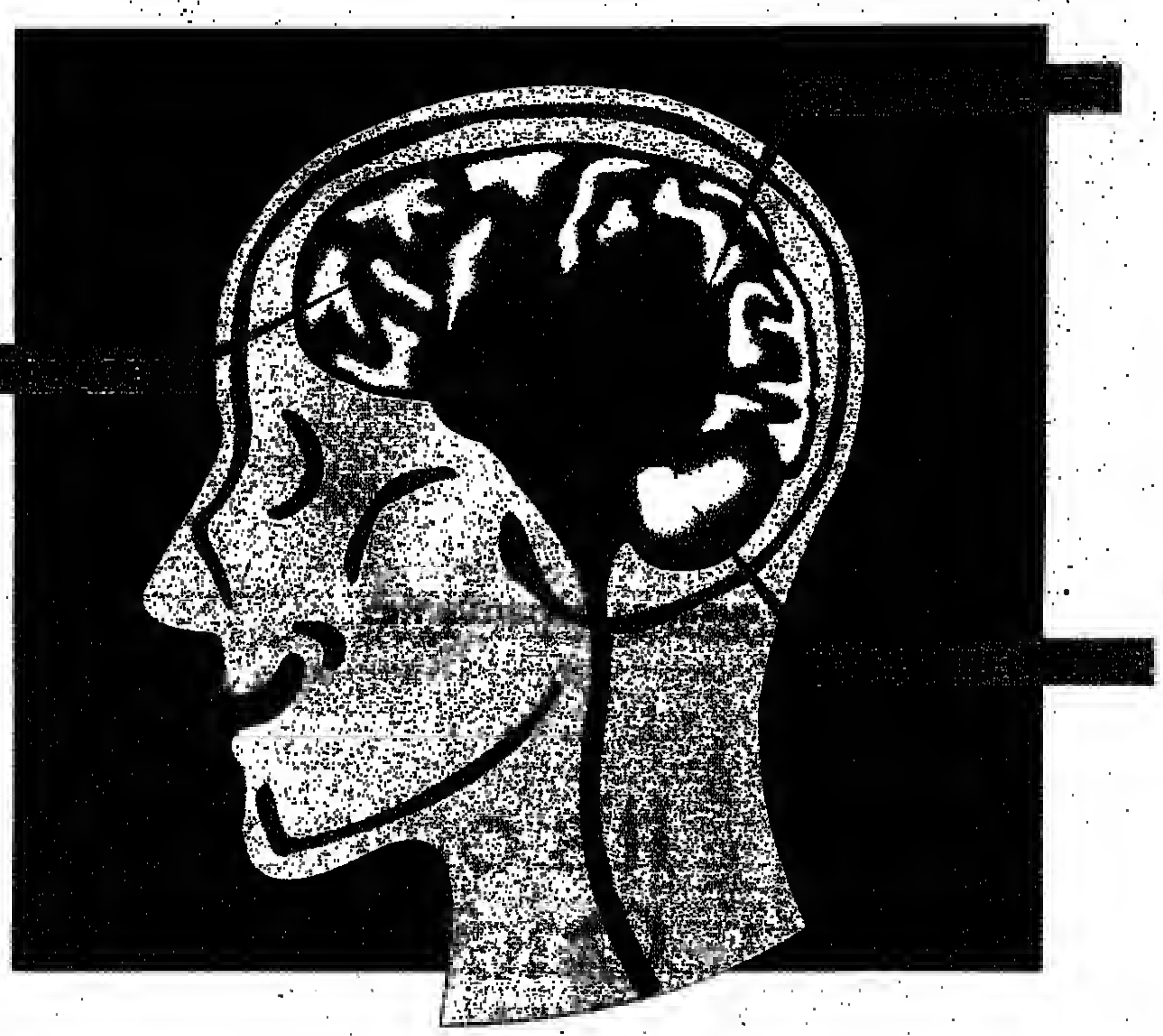
The conventional PC brain.

and lose heart. Often losing an opportunity in the process.

Whereas the Apple™ Macintosh™ encourages creative juices to flow and can lead to winning a contract with a more imaginative presentation. Or creating a sales report that graphically knocks the socks off anybody else's.

The 24% above wasn't plucked out of thin air, incidentally. It's based on an in-depth study by the accountants KPMG Peat Marwick.

Participating companies reported a gain equal to an extra week per month in increased productivity from employees using Macintosh. It was also noted that managers with access to IBM® or other MS-DOS™ computers had reluctantly used them in the previous five years, with unimpressive consequences. Let loose on Macintosh all changed. Productivity and creativity increased by leaps and bounds. And because they actually began to enjoy



The Macintosh brain.

their work, they used more software. As a consequence they were able to extend themselves to their full potential.

The reason is simple. From day one they were looking at a screen that could be intuitively understood.

It resembled their desk top with files, pieces of paper and even a wastepaper basket at the side.

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MANAGEMENT: Small Business

Taking the mystique out of money matters

Charles Batchelor on the importance of financial planning

It was just over two years ago that Binder Hamlyn, a City accountancy firm, was called in to help out e small supplier of artists' materials which was heving increasing difficulty in managing its financial affairs.

"It was evident that tho company was energetically run but it lacked professional management in several key areas, including finance," recalls Christopher Honeyman Brown, tbo partner in charge of Binder's businoss services department, which handles owner-managed businesses.

The accountants advised the company, which at the time had turnover of about £600,000, to introduce computers to handle its growing volume of business. They also helped it adopt management methods which allowed it to plan more effectively for the future and to calculate its *costs more accurately*.

Just when matters seemed to be under control e new problem arose. Tho company's financial controller, who had been quite capable of managing the old-style manual methods, proved unablo to handle the new computerised systems.

In the five months it took to recruit a new controller tho company once again started to lose its grip on its finances and Binder brought in a temporary *outside accountant* to avert disaster. It was not until April of this year that the new controller was installed and the crisis was finally over.

"The company is now producing clean monthly information and is on top of its finances," says Honeyman Brown. "It has realistic budgets for the next year and its performance is being monitored. The company knows where it is going and the change in confidence is quite extraordinary."

Tho problems faced by this company are by no means unique. A failure to manage financial affairs ranks as the most common cause of small business failure in the UK. Small companies are poor both et planning their finances and at managing the financial aspects of the business they already have.

"The main problem in many small businesses is that *financial controls do not exist*," says Simon Anderson, a partner at accountants Coopers & Lybrand. "Not only do they not keep their books np to date, they do not plan ahead. They realise they need to produce a business plan if they are raising finance but are not aware they need it to run the business."

The importance of the need *for financial planning was* recognised by the Government's decision to add business planning and financial and information systems to the range of snbjects evailable under its Enterprise Initiative in April. These two subjocts have so far accounted for 23 par cent of the contracts approved under the initiative, which provides subsidised management consultancy help to small firms.

At the most basic level the small businessman takes e simplistic view of the way money flows in and out of his business. "If it is a cash business he looks npon all the money in the till as being his, without realising some of it belongs to the supplier, the taxman and the staff," notes Stan Mendham, chief executive of the Forum of Private Business, a leading small business lobby group.

Christopher Bielenbarg, managing director of Resource Evaluation, a consultancy specialising in cash flow management, agrees that the quality *of financial management* in many small and medium-sized companies is poor.

"Businesses are very often set up by engineering or marketing people who have no experience of dealing with financial matters," he says. "They are reluctant to hire a finance man because they see him as a dead hand on the business."

Even when a company has a finance man in its senior management team this is no guarantee that important areas *such as credit control and* purchasing will be properly handled. Bielenberg attributes this to the dull imege which attaches to these areas of finance. "Peopla involved in financial menegement don't want to get involved in these lowly areas," he says.

The result is that few companies take the trouble to train their *staff in credit control and* purchasing skills and consequently handle it badly. Yet, he argues, considerable savings can be made by tightening up controls on cash flow.

Computacenter, e distributor of microcomputers, achieved a £1.5m improvement in its cash flow and cut the level of outstanding payments dne from the equivalent of 58 days' sales to just 49 days after calling in Rasource Evaluation to improve its financial controls.

As a small company Computacenter had found its cash flow easy to manage while it *concentrated on building up* sales, according to Peter Ogden, its chairman. But as it grew larger (sales had reached about £35m when it called in Resource Evalnation 18 months ago) it began to experience cash flow problems which were holding back growth.

Resource Evaluation's four-man team found that invoices were often only being produced in the last week of the month; queries on invoices were holding up payments of £500,000 while tho credit department had failed to recognise that just a small number of customers accounted for most of the outstanding debt.

They responded by setting up a system to monitor debt collection activity on e daily, weekly and monthly basis. A credit manager was brought in; large debtors were contacted to discuss payment problems; and a training manual for credit control staff was drawn up.

The moral from stories such as this, according to Bielenberg, is that companies must put as much thought into the quality of their financial administration as into the quality of their prodncts or their service.

Computacenter is not alone in having concentrated on building up its business without regard for the need for financial controls. Bindor's Honeyman Brown identifies this as a common cause of companies running into difficulties.

Entrepreneurs also give financial management a low priority becanse they feel it migbt cramp their trading style, he says. "It introduces a clinical and impersonal measurement of financial performance and can reduce the number of options available. It sometimes reminds the entrepreneur that he is not as successful as he might like to think."

Many accountancy firms are keen to increase the amount of small firms' work they do but businessmen are often reluctant to call in professional advisors becauso of the expense involved. "Professional financial people also tend to use jargon and buzz words which do nothing to endear them to the entrepreneur," Honoyman Brown acknowledges.

Many of the smaller accountants tako e very narrow view of thoir rolo, drawing np eccounts and carrying out audits. The larger accountants are keen to provide financial planning advice but their scale of fees is too high for many small businesses.

For some companies, such as the supplier of artists' materials, the problems associated with a lack of financial controls strike early. Others, like Computacenter, grow much further before inedequate financial systems start to hamper growth.

Companies seem to be most vulnerable not when they reach e particular level of turnover or employee numbers but when the growth of their business forces them to adopt new control procedures.

"They can accommodate the status quo but if a company takes on e new sales rep it may need new reporting systems," says Honeyman Brown. "The company has to identify a change of scale and know-how to keep its menagement systems effective."

As e company grows it will have to expand tho department which handles financial matters. A small company selling large numbers of small items could probably manage with "e girl or two," seys Simon Anderson. If orders are fewer in number but larger and more complex a company planning to grow would need more professional book-keeping or accounting skills.

By the time turnover reached several million pounds a typical finance department might consist of an accountant drawing np management and annual accounts, someone handling purchasing and creditors, a third dealing with sales and debtors and a fourth handling payroll and the cash books.

The common perception among smaller businesses that financial matters require out-of-the ordinary skills is a wrong one, says Bielenberg. "You can train people of average ability to handle these things effectively," he says. "It's not high science or magic wand stuff. It just involves paying attention to the basics."

Technology transfer

A licence to exploit

Small businesses are failing to exploit to the full tbo benefits of technology transfer, whereby one company acquires the rights to e product devoloped by another. "In principle technology transfer could be of particular value to the growing small and medium-sized enterprise," says e recent study* in e review of the experience of small companies in Scotland and Ireland.

Transfers usually take the form of licensing or joint venture agreements which give the buyer the right to use another's patents, trademarks, copyright or registered designs.

By acquiring the rights to a proven prodnct the smaller firm can develop new products moro quickly and more cheaply than doing it in-house. Technology transfer can reduce the work involved in the production, marketing and distribution of a new product, the study says.

It can also allow smaller companies to exploit niche markots which might otherwise have to be left to larger companies and allow the small business to compete in technological areas despite its scant in-house research and development capability.

Small businesses often do not make the best use of technology transfer because they lack resources, access to information and means of communication, and management experience, the study says.

They often fail to think strategically and tend to emphasise technical considerations at the expense of marketing when negotiating a transfor deal. This marketing weakness shows up particularly when e company acquires the rights to a product which takes it into new market segments.

The study makes a number of suggestions for good practice in reaching technology transfer agreements.

Managers should stand back from their own company and evaluate its strengths and weaknesses. They should be clear on how the transfer would fit in with short and long term business plans.

They should make sure they can get on with their prospective partner in terms of corporate culture as well as in purely commercial terms because any agreement may lead to larger, more profitable arrangements in future.

The technology, its marketing and other aspects of the deal must, ideally, be agreed in as much detail as possible or problems may emerge later.

Intermediary technology transfer organisations run by e number of regional development agencies can provide expert edvice hnt the final decision on the technology must come from the companies involved, the study says.

Companies should not underestimate the time and effort it will take to absorb the new technology, the study warns. Nor should they underestimate the cost. This may be as much as £50,000 to £100,000 in the first year.

**The Technology Transfer Process: A Pilot Study in the Role of Intermediaries. Prepared by the Scottish Enterprise Foundation and Shannon Development Company. Obtainable from the foundation at the University of Stirling, Stirling, Scotland FK9 4LA. Price £15.*

Charles Batchelor

In brief...

■ A series of training courses on how to start up in business will be held in Colchester and Southend over the next six months.

The courses, which form part of the Training Commission's Business Enterprise Programme, comprise a seven-day programme spread over five weeks and are free of charge.

They aim to help would-be entrepreneurs evaluate their ideas and provide advice on subjects such as marketing, tax, legal issues, forecasting cash flows and planning.

Contact Enterprise Courses, PO Box 465, 600 House, 16 Middlesborough, Colchester CO1 1GG. Tel 0206 561700.

■ Small companies, particularly those based in inner city areas with high crime rates, often have difficulty obtaining insurance cover.

Lloyds Bank has launched e Retailers' Protection Programme underwritten by Royal Insurance as the first in what it says will be a series of insurance policies available for small businesses.

The retail scheme, which includes pubs and restaurants, includes e free 24-hour legal helpline, a same-day plate glass replacement service, accidental damage cover on buildings and contents and an automatic 20 per cent increase in stock cover over Christmas and Easter.

■ The role of small and medium sized enterprises will be one of the subjects to be discussed at the Fifth International Conference on Innovation and Regional Development to be held in Berlin on December 1 and 2.

Contact Wolfgang Gessner, Technologie Vermittlungs Agentur, Kleiststr. 23-26, D-1000 Berlin 30. Tel (010 49) 30 210003-30.

■ Leeds Polytechnic is to host a series of lectures and seminars on the theme of venture and development capital as part of efforts by the city to reinforce its role as a financial centre.

The series consists of 23 Wednesday lunch-time meetings starting on October 5 and running until May 3 on subjects such as the Enterprise Network, Practical Lending to Small Businesses, Effective Tax Planning and Causes of Business Failure.

The programme is aimed at the professions, senior managers, company directors and managers of business support agencies.

The series costs £200 or £20 for individual sessions.

Contact Martyn Robertson, Leeds Polytechnic Business School, 5 Queen Square, Leeds LS2 8AF. Tel 0532 439726.

■ An exhibition and conference entitled Business and Corporate Finance 89 will be held at Olympia, London, on May 23-25 1989.

The event is intended for the owners and directors of businesses ranging from start-ups to USM or full stock market listed companies and will cover subjects such as the implications of 1992, venture capital and management buy-outs.

Contact Tim Etchells, Enterprise Events, London House, 243-253 Lower Mortlake Road, Richmond, Surrey TW9 2LL. Tel 01-948 5166.

BUSINESSES FOR SALE

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Information and prospectus available from the Joint Administrative Receivers: Keith Goodman FCA and Philip Monjack FCA

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Assets

Some 4,500 sq. ft. of modern leasehold office accommodation in Central Milton Keynes, including office furniture and equipment.

Stocks of recent publications and work in progress.

For further information please contact the Joint Administrative Receivers, Maurice Withall of Grant Thornton, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. Telephone 01-383 5100, Telex 28984, Fax 01-383 4077 or Keith Smith, Grant Thornton, 49. Mill Street, Bedford MK40 3LB. Telephone 0234 211521, Telex 826340, Fax 0234 325717.

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Further information may be obtained from the Joint Administrative Receiver *R. Hocking (ref 13/MCR).*

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For further details please contact the Joint Administrators:
Tony Richmond or Martin Shaw

KPMG Peat Marwick McLintock
City Square House, 7 Wellington Street, Leeds LS1 4DW.
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Please reply to the Joint Administrative Receivers:
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TECHNOLOGY

The key to a drawer-sized mainframe

Alan Cane explains how the world's leading computer designers are packing more power into smaller packages

Imagine a mainframe computer small enough to fit in a drawer; or a supercomputer no bigger than a pocket calculator. These are familiar images to anyone who has speculated about the future of computer systems, but semiconductor technology is making them a reality.

The world's leading computer architects, Gene Amdahl of Andor Systems and Seymour Cray of Cray Research, have designs that exploit the latest developments in chip technology and which should see a drawer-sized commercial mainframe launched within 12 months and a pocket-sized supercomputer within five years.

Amdahl, formerly one of IBM's chief mainframe designers, left the company in ths mid-1970s to pioneer plug-compatible computers – machines which are cheaper and faster than their IBM equivalents but which use identical software. Although he left the company which still bears his name in the early 1980s, it remains a powerful force in the industry.

Cray, "the hermit of Chippewa Falls" (Minnesota), a man happier in the laboratory than in the board room, has dedicated his life to building the world's fastest computers. It was his designs which took Control Data Corporation to the top of the supercomputer league in the 1970s. He left to form his own company in 1976 and now the name Cray is synonymous with supercomputer (a term Cray dislikes, preferring to call his creations "scientific computers").

Amdahl formed Andor Systems last year after his company, Trilogy, failed to achieve "wafer scale integration," the interconnection of hundreds of semiconductor chips on the same silicon slice.

Andor has a less ambitious but more controversial aim: to create a central processing unit (CPU), the heart of a mainframe computer system, of equivalent power to a small IBM mainframe (such as the 3090/150E which can process about 10m instructions a second) and which will run on IBM's advanced flagship operating system MVS/ESA.

Amdahl plans to cram all this into a package which will fit into a drawer and consume less than 700 watts of power.

It sounds impressive, but technologically it is no huge breakthrough. The core of the system will he a 17-inch printed circuit board bearing two silicon chips. The designs for the chips, which took eight people nine months, are ready for shipping to the semiconductor company Motorola, which will start to fabricate them on its very large-scale integration line later this month.

IBM has already implemented its complete mainframe architecture on a single silicon chip in the laboratory. Ian Hugo, an independent consultant who has stndied Amdahl's plans, says: "What he is proposing is, by his standards, a relatively modest stretching of the technology."

Andor is especially interesting because of the commercial aspects of the operation. "The key to Amdahl's thinking is financial," says Hugo. "He does not want to lose control of this venture in the same way he lost control of Amdahl, so little venture capital is involved." Andor is capitalised at only \$2.4m (£1.4m), of which less than \$1m has been spent so far.

Gene Amdahl

Amdahl's idea is to contract out not only as much of the manufacture and assembly as possihle, hnt also sales and systems support.

Writing in the magazine Insight IBM, Hngo argues: "Large software houses operating in the marketplace for IBM's MVS computers already have such staff in place throughout the Western world. If Amdahl can strike deals with them, he will have the opportunity to attack the whole MVS market from Day One."

Amdahl also proposes to offer short-term rentals and leases, which he will finance himself because his machines will be so cheap to build.

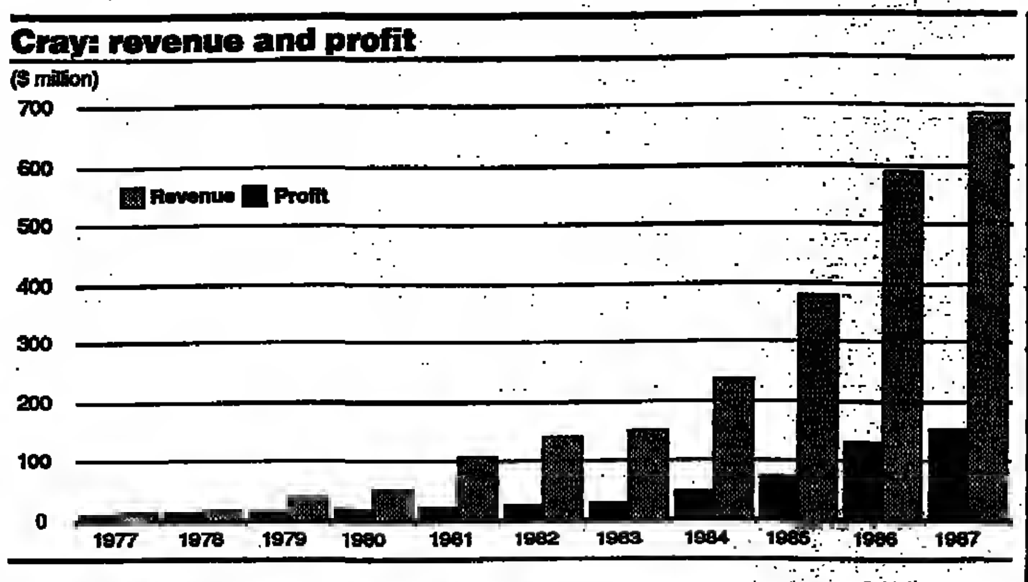
He aims to sell at a substantial discount not only to IBM, hut also to other plug compatihle manufacturers. Amdahl's manufacturing cost might prove to be only a 20th of the final selling price. IBM's mainframe hardware business, Amdahl argues, is twice as profitable as any of its other lines and the industry giant, struggling to regain former profit levels, is not in a good position to cut prices on its most profitable systems.

Very large scale integration is the key to Amdahl's strategy. Hugo suggests that, for the next generation of Andor machines, Amdahl will shift to the fastest form of silicon circuitry: emitter coupled logic.

Semiconductor technology is also the key to Seymour Cray's new machine, the Cray 3. His venture is more pioneering, but nevertheless he expects to have prototypes of the machine operating early next year, ready for a commercial launch in 1990.

"Commercial" is perhaps the wrong word to use for supercomputers. Unlike conventional mainframes which are designed to tackle a mixed workload, serving many users simultaneously, supercompnters are built to tackle huge computing prohlems in the shortest time. They are, in a sense, the most expensive personal computers.

For the scientists and engineers who use supercomputers to design aircraft or plan geological surveys, there can be no suhstitute and so the machines are almost price inelastic. But at \$20m, the price of a Cray 2, Cray believes he has reached the limit: "I do not believe people can pay any more for a compnter. Now I am trying to give them as much computing power as possible for the money."



Analysts are impressed. After a blip earlier this year, when one of the company's senior designers left, Cray shares are again on the buy list. Daniel Benton, of New York stockbrokers Goldman Sachs, says: "Assuming the Cray 3 ships as planned, Cray's revenues and earnings should substantially increase in the early 1990s."

So what is special about the Cray 3? It will be the first commercial computer to be built using gallium arsenide, an unpleasant material which is difficult to process. It can only be persuaded to act as a semiconductor by the addition of small amounts of impurities. When so "doped", however, electrons travel throngh gallium arsenide three times faster than through silicon, opening up the prospect of mnch greater computing speeds.

Cray launched the Cray 1 in 1976. Its internal clock ticked away once every 12.5 nanoseconds (a nanosecond is a thousand millionth of a second) and it could carry out 130m floating point calculations (or megaflops) every second. The Cray 2, launched in the early 1980s, featured four processors operating in parallel. Its circuitry was cooled through the innovative techniqne of immersing the chips in liquid and its performance was a dramatic improvement over the Cray 1: clock speed, four nanoseconds; 1,800 megaflops.

Cray says the Cray 3, using gallium arsenide circuitry, will have 16 co-operating processors, a clock speed of two nanoseconds and 12 times the performance of the Cray 2.

He is already working on designs for the Cray 4, which will incorporate 64 processors, have a clock speed of one nanosecond or less and give a further eight-fold improvement in performance over the Cray 3.

Looked at another way, over the 10 years between the launch of the Cray 2 and the Cray 4, Cray expects to be able to improve supercomputer performance 100 times.

Both Cray and John Rollwagen, company chairman, say they feel as if they are at the beginning of a new era in supercomputing.

Seymour Cray

Rollwagen says gallium arsenide technology, coupled with new networking and graphics techniques, is making possible "visualisation", where physical phenomena can be modelled and represented on a computer monitor in three dimensions and full colour. "It will allow intuitive research in place of today's mathematical abstractions."

Cray says that the possibilities for silicon circuitry are nearly exhausted. His first supercomputers, designed for Control Data Corporation, were implemented in a primitive silicon technology called diode-transistor logic where diodes were used for computation and transistors for amplification. Successive designs used transistor-transistor logic and, finally, emitter coupled logic. These changes achieved a hundred-fold increase in speed.

He argues that the gallium arsenide circuits in the Cray 3 are as primitive as the diode-transistor circuits in his first supercomputers. Fabricated by Gigabit Logic, a US start-up founded by a number of gallium arsenide experts from Rockwell, the electronics and aerospace group, the circuits use diodes for computation and transistors for amplification.

Cray expects the same order of improvement in the performance of gallium arsenide chips as happened with silicon circuitry. Already Gigabit Logic has chip designs of the kind Cray will want to use in the Cray 4.

The new machines will be small: the Cray 3 no bigger than a coffee table, the Cray 4, power supplies apart, small enough to sit on the palm of the hand. Printed circuit boards for the Cray 3 have already been fabricated. One inch square, they are eight layers thick and have 1,000 holes.

To assemble these tiny components, the company has built robots. A Cray robot arm moves only four to five centimetres, with an accuracy of three millionths of a metre.

Advances in semiconductor technology made the personal computer possible. The new machines from Andor and Cray seem certain to demonstrate that this technology can force the pace at the top end of the computing range in just as dramatic a fashion.

Battle of the PC buses

Louise Kehoe reports on a challenge to IBM's Micro Channel

The expected announcement today, by a group of personal computer manufacturers, of a new PC "bus" will have serious implications for the industry. PC users, however, may well be left wondering what all the fuss is about.

A bus is a set of chips that plays an important part in determining how quickly a computer screen responds to keyboard instructions. It is essentially an information path which distributes signals to different parts of the system.

The role of the bus is analogous to a data "highway". Most recent PCs contain an AT bus. This is a relatively slow two-lane highway. With the launch of its Personal System/2 models 17 months ago, IBM introduced a new proprietary bus, called the Micro Channel. This is like a four-lane highway with overpasses connecting it to alternate routes. It is much faster than the old AT bus and can potentially distribute and collect signals from several microprocessors.

At first, the Micro Channel appeared to represent a major problem for IBM's competitors. Without the Micro Channel, many observers thought, they would be stymied in their efforts to create a new generation of IBM clones.

IBM says, however, that it has always been willing to *license others to use patented* technology incorporated in the PS/2. In April, the company clarified its policy, encouraging competitors to apply for licences. This appeared to reflect recognition that the Micro Channsl could not become a new standard without the support of other PC manufacturers.

"IBM made a tactical error," says Bill Lempesis, a Dataquest analyst. He suggests that the company was too late in encouraging others to take out licences on the Micro Channel and that the licensing fees are high.

Now it appears that many of IBM's largest rivals in the PC industry will side-step the Micro Channel and create their own bus standard. What has prompted this move, according to industry analysts, is IBM's failure to demonstrate ths advantages of Micro Channel to the satisfaction of many PC buyers. Another factor behind customer resistance has been the cost of new add-on boards for Micro Channel computers.

What is more, by shrewdly controlling the "traffic" on an AT bus, IBM's main rival, Compaq Computer, has been able to speed up the flow of data to beat Micro Channel performance.

The PC makers recognise, however, that they too must eventually build a four-lane highway. "A traffic jam is developing," explains Lempesis. With the introduction of 32-bit microprocessors, capable of sending more information more rapidly into the system, the need for a new bus is evident.

What the IBM rivals propose is to broaden the existing highway with two new lanes. Their new bus will remain compatible with the established AT bus, but will be faster and have the inherent advantage of being ahle to communicate with existing add-on boards.

This construction project could take several months, but it should not be too late to avert a major traffic snarl-up. IBM's competitors will, in any case, retain the option to take out a licence on the Micro Channel.

The potential losers in this effort to create a new industry standard bus include IBM and the companies which have *ploughed time* and money into cloning the Micro Channel.

If the Micro Channel is ultimately rejected by most PC manufacturers, then the makers of chip sets and add-on circuit boards for it, as well as the European PC makers which have backed it, may find themselves heading down the wrong highway.

Already, the only two US PC companies to have announced Micro Channel-based computers, Dell Computer and Tandy, appear to be backtracking.

Even IBM's commitment to the Micro Channel has been qnestioned. This month ths company is expected to launch a new PC based on the standard AT hus.

While analysts expect IBM to position the new product as an enhanced version of the PS/2 Model 30, it will represent a move by IBM to recapture a portion of the market for standard AT-class machines.

ARTS

William Packer reviews three London exhibitions

Figurative painting lives

There has been no need of a revival of figurative, representational painting in Britain in recent years, for it was never moribund. Three shows current in London, of the work of painters all now comfortably over 60, present heartening evidence of the consistant strength, quality and variety of British figurative art, sustained over long careers, whether we have cared to notice them or not.

At Anthony d'Offay (9 & 23 Dering Street W1, until October 8), Leon Kossoff shows the paintings on which he has been working these past five years, an especially fruitful period for him. The canvases – large and small, of figures, heads and the urban landscape – are all loaded with his characteristic impasto, dense and clotted, into which it seems the images are more pressed and modelled than drawn, almost as they might be the sympathetic ikons of the black magician. The mark or gesture is not merely the agent of conventional pictorial description but the actual physical embodiment of the image. If it will not do it must be done again entirely – a matter more of spirit and commitment than literal accuracy.

Such expressionist principles bespeak a moral position, and of all the acolytes of David Bomberg Kossoff has kept the torch burning with the purest flame. This has led him, especially since the middle 1970s, to make paintings and drawings of an intensity of feeling and authority of statement quite equal to anything produced by his contemporaries, at home or abroad. But if they have been impressive, they have also inclined towards a certain dour seriousness of purpose and darkness of mood, qualities which do not always make for a ready accessibility.

Now, however, the mood has lightened, and although the essential, typical greyness of the work remains, it is a richer, livelier and more various grey. With this lightening has come a freer and more confident quality in the statement of the image, never more so than when he is confronting the particular subject: the figure, the head and now, in a remarkable new sequence of paintings, the portico of Christchurch, Spitalfields. It is in the rich and paradoxical variety revealed by close repetition that the particular quality of these works lies. The two Christchurch paintings, shown here side by side, are among the most spirited and natural things that Kossoff has ever done, and suggest that a remarkable collective achievement is in train.

Jeffery Camp (whose select retrospective, first shown in Exeter, now fills the Diploma Galleries of the Royal Academy until October 9, then on to Manchester, Newcastle, Norwich, York and Lincoln) is a more fauve-like expressionist. A sympathetic and boisterous colourist to boot, and any other kind of selective post-impressionist you may care to think of, this eclecticism has made him as critically unfashionable for long periods as he is hard to categorize. This show effectively covers his work since about 1970, but there is enough of the earlier work to confirm the essential consistency of development in a career going back to the 1940s. The lightness of his touch, the feathery delicacy of his line and brush-stroke, and above all the quizzical humour of his vision, were as true of him then as they are now.

But it is by two extended and substantial groups of paintings in recent years that he has re-established himself as a major figure in British art. The wonderfully vertiginous paintings he made of Beachy Head in the 1970s, of lovers in the grass or peering and teetering at the cliff's edge, hang-gliders soaring overhead and the lighthouse far below, with the canvas itself so often in the shape of the glider's sail, are true *tours de force*, as remarkable for their imaginative scope as for their manifest technical virtuosity.

In the 1980s he has returned to the city as a setting for his romantic symbolism, to London and Venice, and to a less directly autobiographical involvement in his subject-matter. The symbolism is now overt, and it is the vertigo of an ecstatic sexuality, from which he stands benignly aside as his lovers roll and tumble together high above the world, that supplies the pictorial excitement. His material is often explicitly sexual, suggestive and erotic, treading that narrow line between natural and prurient observation. These are brave and ambitious works, teetering on the verge of bathos, yet carried through with such delicacy, graphic wit and humane sympathy that they never fall into the abyss.

At Bernard Jacobson (2a Cork Street W1, until October 8), Carel Weight celebrates his 80th birthday with a display of extraordinary liveliness and vigour. But as with Stanley Spencer, with whose work his own is often compared, it is all too easy to see him as just another in that long British tradition of visionary eccentrics. That visionary quality is evident enough in the miraculous, mysterious visitations he brings to the everyday world of city street, back garden and country lane. But it is not the quality of pictorial invention alone that makes his work remarkable, but also the close accuracy of his observation and the freshness of his painter's touch, by which he gives it form and substance.

No artist has caught the the peculiar mood of the Victorian suburbs of south-west London so well, nor the fraught and haunted atmosphere of park or deserted lane at dusk, where lovers meet or nameless dangers threaten. Like all true artists, he has laid claim to his particular imaginative world and made it real to us. His use of the paint, unaffectedly, disarmingly direct and deceptively simple, is a constant formal delight. There seems to be no reason why he should not go on, as he looks like doing, until he is 100.

"Peggy Falling Asleep" by Leon Kossoff, 1987

Regional Theatre: Dickens, Shakespeare and Gershwin open the autumn season in Newcastle, Birmingham and Sheffield

For its first professional production, Newcastle's Tyne Theatre Company has joined forces with the Cambridge Theatre Company at the Tyne Theatre and Opera House in Newcastle in an ambitious venture that tours to Bath, Darlington, Poole, Cambridge and Coventry this month and next.

The co-directors of the adaptation of *Nana* recently at the Mermaid have now turned their attention to another Gallic-slanted novel teeming with high and low life. Zola's Parisian panorama became a round dance of desire, acquisitiveness and corruption; in Dickens' *A Tale of Two Cities* the more seemly narrative is broken up by symbolic choreographic interludes, formation dances that epitomise the decaying *ancien régime* or the robust stability of English society. For this Anthony Ingle's score produces some fine mock-Handel, well played by a six-strong band in the wings. The composer defends his use of idioms apparently 50 years out of date for the French Revolution in a programme note; but they do sound odd.

The cast comprises 15 players, a massive number by today's standards. Kenny Miller's set, flanked by high façades and staircases, is more elaborate than the *Nickleby*-style spareness, *à la* RSC, that one expects. Baroque courtly costumes are eye-catching. No corners have been cut, financially speaking.

Some narrative short cuts, however, are clumsily apparent. The dance sequence depicting the wedding of Lucy Manette and Charles Darnay ends with an actress bounding across the stage to address the bride as "mamma." Such condensation aroused a few Geordie giggles, not helped by the assumption of the infant's role by one of the ensemble's better-built actresses who portrayed childhood by hitching her skirt above singularly unbecoming drawers. The fault lay less with *Vanita Nicholls'* spirit and energy in her first professional roles – especially lively as the body-snatcher's praying wife – than with the production.

Jane Gibson and Sue Lefton, joint directors, have good ideas. The revolutionary crowd's red sashes become wine poured into their mouths. Actors freeze on pedestals, like the living statue in *The Draughtsman's Contract*, or become a rococo bedstead for cruel St. Evremonde to be murdered in. And the first half works up to an exciting conclusion, triggered by Mme *Defarge's* revolutionary song, as the political storm is expressed with thunder and lightning and the increasingly angry murmur of the crowd until the house lights abruptly come up.

The multifarious threads of a Dickensian plot are not always clearly defined or brought together. The pace falters in Part 2 by which time it is obvious that most of the acting lacks *conviction*. Christian Burgess endows literature's most famous Old Salopian with an interestingly down-beat intelligence, but I had never realised how little Sidney Carton actually does or says until his act of sacrifice. John Baxter's Darnay is wetly prim, Emma Longfellow's Lucy briskly charmless. Pauline Black is ridiculously – and unsuitably – young and glamorous as Mme Defarge; but Kate Godfrey's touching little seamstress, with her redemptive kiss for Carton at the guillotine, has the fresh emotional impact that the rest of the production so sorely needs.

Martin Hoyle

Birmingham Rep has given us *A Midsummer Night's Dream*-and-a-half. Though ingenious doubling has enabled director Robin Midgley to use a quite small company, he will not hesitate to bring on an extra character if he needs one, and indeed add an extra scene.

We open with a crowd coming out of a modern pub singing "I'm getting married in the morning" from *My Fair Lady*. This passes in a moment, and we are in Theseus's palace. Here a young man is taking an evening off from the Youth Club to hang around while the problem of who-marries-whom is set up. He knows no one, no one knows him.

I took this figure to be a new kind of Robin, polishing up his omniscience earlier than usual. But no, when the pub front drops again from the flies and the common people emerge, he is greeted as Nick Bottom, and this is what he remains, often sleeping under a tree stage left when other people are minding *their* business. Tyler Butterworth is the player, the most enjoyable player of the company by a fair margin.

The real Robin is a girl, Denni Sayers, who yells "Yeah!" whenever she is excited; who evidently thinks "Night and silence" is an oath; and is *sometimes* hard to understand. Miss Sayers later becomes a female Philostrate.

However, it is not the actors who hold our attention on the whole, but the prodnction, and Simon Higlett's designs. Theseus and Hippolyta (Joe Dixon and Amelda Brown) plan their "solemnities" (a word Hippolyta giggles at) in an arched palace; an instant later the palace *has sprouted* foliage enough to represent the woods, and the sams actors, as Oberon and Titania, are ill met by moonlight. The basic moss is not enough for Titania. Tall plants grow before our eyes, and from little holes in the ground emerges an army of tiny fairies with tuneful voices.

But when Titania, anxious to cosset hsr ass-head Bottom, calls on fairies by name, they are a *bigger bunch*, recruited from Peter Quince's company. A decent company they prove as Quince (Paul Henry) rehearses them to the delight of the fairies, who sit around watching them. They do not overdo the fun more than most companies, and in any case you wouldn't spot it if they did, for the playing is all angled toward physical comedy.

Toyah Wilcox's Hermia is one of a well-mismatched pair of tall, dark and pretty. Miss Wilcox is very rough in her bad temper, treating Demetrius like a Chelsea football fan. Miles Richardson is Demetrius, Mark Payton is Lysander, and they fulfil their functions as the ladies' targets very well. They sit on either side of the girls as they do their lovely "Like to a double cherry" speech; but renew their antagonism when they can.

Shakespeare pundits may find errors in this production, but I imagine audiences will enjoy it as much as I and the rest of tha Birmingham spectators did on Thursday.

B.A. Young

Sheffield's Crucible Theatre season opens with a jolly enough revival of the 1924 Gershwin musical, *Lady, Be Good!* (music by George, lyrics by Ira) to a soppy book by Guy Bolton and Fred Thompson that was a smash hit for Fred and Adele Astaire on both sides of the Atlantic. The best songs are "Fascinsting Rhythm" and "Oh, Lady, Be Good!"

The first is discharged by the Sheffield company with adequate vigour. The second is sung by ths undoubted star of the show, Clive Rowe, as a plea *for intervention* by a society dame in the case of the impecunious singing and dancing siblings, Dick and Susie Trevor, who have been thrown out on the street. Hence the song's, and show title's, punctuation. The Crucible dispenses with such niceties in its programme and publicity and does not even explain the "book revisions" credited to the American Tommy Krasker, who worked on a revival for the Goodspeed Opera House in Connecticut. These include the cutting of two songs, "Little Jazz Bird" and "Swiss Miss," and the inclusion of three other Gershwin items, "I've Got a Crush on You," "Nice Work If You Can Get It" and "Love Walked In."

In theory, I have no great objection to this, but director Clare Venables and Stephen Daldry might have come clean. The latter two songs are from a later, smokier period and anyway dramatically incongruous. The Sheffield approach is typical of British snobbery about the musical which, as a genre, is deemed either despicably *decadent* or *fluffily unimportant*. It's either rubbish or nonsense. Gershwin is not Shakespeare, so why worry about pushing his songs around, changing his titles, replacing plot with cabaret?

To be fair, *Lady, Be Good!* was always considered a revue, but it was a Twenties revue (in 1968, Lionel Blair and Aimi MacDonald appeared in a West End version updated to "the Fabulous Thirties"). Sets and costumes by Douglas Heap and Nikki Gillibrand are brightly non-committal, though a lurid green art deco glass screen dominates the hotel scenes in which Susie is passed off as a Spanish heiress from "Me-heecho" and romantic resolutions initiated on the eve of a regatta.

Mr Rowe, a mountainous, *fleet-footed black comedian* in pin-striped suit and silky waistcoat, repeats his Guildhall drama school success as Watty Watkins and moves the action onto a higher plane of blissfully energetic inanity.

Mark White (slightly paunchy) and Karen Clegg (eagerly pretty) are clean cut as Dick and Susie, but incapable of supplanting vacuity with charm, the Astaire trick. They both tap dance better than they sing. Christina Avery plays the bostess as Gloria Swanson (I wish people would stop doing that) and there is lively support from Suzanne Packer and Ian Poitier. Sandy Burnett directs a small band under the thrust stage.

Michael Coveney

Weekend Proms

ALBERT HALL

Günter Wand's account of Mozart's G minor symphony (K. 550) in the first half of this short but intensely weighty Promenade concert on Saturday evening was as moving as any I've heard. His approach was imperturbably classicizing and calm, and given the imperturbable classicism, the tragic finality of the work itself, the result was close to ideal.

The first movement was taken at just the right impulsive but manageable tempo; the BBC Symphony Orchestra's tone-production was unusually disciplined; and one could follow the searing musical progress as easily as reading a book. The melodic phrases of the Andante were made gorgeously eloquent but not in such a way as to take the edge off definition and its harsh truth. The Menuetto and Trio were dauntingly beautiful. The complexly worked but inexorably driven Allegro assai finale was an intellectual feast even as it drew the listener towards those imperturbable last three chords and tragedy's painful recognition: that death exists, that final is final.

In a performance of such completeness one is gripped and scrutinized by Mozart's music: there is no part of your experience that does not seem comprehended by the work. To the account of Chaikovsky's *Pathétique* symphony which followed one was unlikely, therefore, to be as receptive.

A classical, understated, "poised" interpretation, such as we got, of this music is detrimental: all the affective ingredients – the bold strokes, the emotionally saturated melodies, the endless formal surprises – need to be firmly dealt with. Explicitness with the parts is the key to success with the whole, as subtle and original a structure as any in symphonic history. Paradoxically, a flashy performance of the work, over-emphasising the desolate quietude of the beginning and end, and the *fortissimo* chord of terror which launches the first movement's development, letting the slow tunes he truly sentimental, compelling the audience to clap after the third movement, and so on, is far more likely to be profound than a supposedly tasteful approach. The *Pathétique* is a symphony for Bernstein and Maazel; not, as yet, for the Mozartian Günter Wand.

Paul Driver

At Sunday's Prom Michael Tilson Thomas, the *LSO's new* Principal Conductor, delivered an interesting programme with unlimited enthusiasm. In the hall, we missed the further exegesis of Mahler's early *Das klagende Lied* that he did for the BBC transmission – but television viewers missed some rare Beethoven, and Jorge Bolet's immaculate pianism in Weber's *Konzertstück*. Whether immaculate pianism is just what Weber's lively mini-concerto needs is another matter: the inspired personal quirks of Melvyn Tan's "period" performance a couple of years ago converted me to the other view.

Between enthusiasm and passionate indulgence there is a fine line, which the conductor might have marked more judiciously in the other works. Beethoven's op. 112 "Calm Sea and Prosperous Voyage" is not an orchestral sketch like Mendelssohn's, but a chorus-with-orchestra setting of the original Goethe poems "Meeresstille" and "Glückliche Fahrt," a matched pair, respectively becalmed and briskly seaborne. That Beethoven faithfully represents; but Tilson Thomas stretched out the calm to Expressionist lengths, and though his chorus sustained it bravely one didn't believe for a moment that Beethoven's "sostenuto" intended that impossible tempo.

Similar sympathetic exaggeration in Mahler's robustly haunted cantata took the edge off an otherwise excellent performance. Since the rediscovery almost twenty years ago of "Waldmärchen," the discarded first part, many of us have thought that restoring it is worthwhile for the proportions of the whole musical narrative – but it is thinnish stuff for mooning over in Tilson Thomas's enraptured way. Despite some radiant orchestral sound, the plain dearth of musical events grew wearisome well before parts 2 and 3 were in sight; and in them, the conductor betrayed a complementary weakness for making the few quick passages frantic and explosive, which did less than justice to young Mahler's sturdy idiom.

In other respects, fortunately, Tilson Thomas has a refined Mahlerian ear, and the key dramatic details were vividly rendered. Placed high at the back of the ball, the offstage band made a splendid effect. Besides the large, expert chorus there were distinguished solo voices to tell the tale: Margaret Price in full cry, warm contributions from Siegfried Jerusalem and Henry Herford, and above all the Dutch mezzo Jard van Nes.

David Murray

Lontano Ensemble

ELIZABETH HALL

The newly formed organization, Women in Music, which aims to "raise the profile of women already working in music," to encourage others, and generally to agitate for a "50-50 gender balance in all fields," mounted a concert at the Queen Elizabeth Hall on *Sunday night, the performers* being the Lontano Ensemble under Odaline de la Martinez, and the soprano Jane Manning.

First came a work by the doyenne of Hiberno-British women composers, Dame Elizabeth Maconchy: her settings of J. M Synge's Petrarch translations, *My Dark Heart*. Jane Manning sang them with great expertise, and the accompanying instruments were flute, *oboe, horn* and *string trio. On* this occasion I found the music impassioned, austere, honourable, but at the same time less than memorable and a little insipid. A piece for soprano and ensemble – *The Old Woman of Beare* – by Maconchy's daughter, Nicola Lefanu, ended the (possibly too Manning-intensive) programme.

The New Zealand-born composer Gillian Whitehead's dramatic monologue for soprano and six players, *Out of this Nettle: Danger* – a portrayal of the last months in the life of New Zealand-born Katharine Mansfield – received its UK première, and proved an amiably serious venture, slightly indebted to her one-time teacher, Peter Maxwell Davies, and in general brightly coloured and concisely crafted. Whether one wanted to encounter the biography of the writer in this wise was another matter, and the music certainly did not compel sucb interest and attention. Tbe monodrama, more or less expressionistic, for voice (more *often than not soprano) and* versatile ensemble (the instrumentation bere inclnded an indented wooden box stroked with a soft stick by the percussionist to produce muted zoo- or desert-like noises) is a genre which seems increasingly hackneyed and tame.

But Judith Weir's *Serbian Cabaret* steered wonderfully clear of cliché. No-one before her, I suspect, has thought of *asking the instrumentalists* in a piano quartet to declaim narrative as they play; but that is what Ruth Cronch, Andrew Byrt and Jane Salmon very entertainingly managed to dn on *Sunday*. In this sparkling "cabaret" five Serbo-Croatian folk songs, full of grim humour, are successively bandied about, with more musically developed instrumental commentaries coming between them. The latter sport a kind of Janacekian idiom and are surprisingly beautiful. Weir, wbo has, indeed, something of Janacek's daring in the choice of her subject-matter, becomes a more and more impressive figure, one wbo has long ceased to rely on the modernist *lingua franca*.

Paul Driver

SALEROOM

Top prices for Beatles

Pete Best, tha Beatles first drummer who was replaced by Ringo Starr, may have missed out on being a millionaire but the tangible memories of his days with the band fetched some good prices at Sotheby's rock and roll memorabilia sale yesterday. Top price, paid by a Japanese fan, was the £17,600 for Best'a thirty page scrapbook of his Beatle years, 1960-62.

As ever the Beatles dominated Sotheby'a auction, with a pair of John Lennon's smoky grey glasses selling to Seibu, the Japanese department store for £3,300 (double the estimate) while the telegram that manager Brian Epstein sent the boys in 1963 congratulating them on their first number one, "Please, please me" made £5,500.

There were signs that the market is getting rather more selective, in an auction which totalled £187,226 witb 12 per cent unsold. John Lennon's entry for the 1969 Disc rock awards 000) failed to find a buyer, and there were no takers at all for a group of seven original song manuscripts by the current superstar, Bruce Springsteen.

John Entwistle (of The Who) got £14,850 for his Silver Shadow estate Rolls Royce of 1975, and Marc Bolan's aluminium guitar did well at £6,380, going to that regular collector Hard Rock Cafe, America.

Antony Thorncroft

ARTS GUIDE Sept 9-15

OPERA AND BALLET

London

Royal Opera, Covent Garden. The season opens with Andrei Serban's savagely exotic and ... production of Turandot. Gwyneth Jones, Cynthia Haymon and Franco Bonisolli return to the leading roles, and Edward Downes conducts (240 1066; 240 1911).

English National Opera, Coliseum. First new production of the ENO season is David Pountney's radical staging of *La traviata*. Mark Elder conducts, and Helen Field, Arthur Davies and Alan Opie are the principals. Pountney's ugly, coarse-grained modern-dress Carmen sports a largely new cast (including Jean Rigby, Jacque Trussel and Sergey Leiferkus) and conductor (Yan Pascal Tortelier). The Rimply staged wartime-in-Mussolini's-Italy Tosca production by Jonathan Miller has the vivid Janice Cairns in the title role, Edmund Barham, and Malcolm Donnelly (836 3161).

Sadler's Wells. The Cumbre Flamenco troupe from Spain, until Sept 17.

Queen Elizabeth Hall. Opera Factory production of Cosi fan Tutte conducted by Paul Daniel (Sat, Mon, Wed) (928 3191).

Paris

Opéra. Verdi's Rigoletto, conducted by Alain Lombard/Alain Guingal, returns to the Palais Garnier after 18 years' absence with Neil Shicoff/Taro Ichihara as the Duke of Mantua, Alain Fondary/Mannguerra as Rigoletto and Alida Ferrarini/Christine Barbaux as Gilda (474 2575).

Vienna

State Opera. In repertory: Tosca, conducted by Anton Guadagno, with Mara Zampieri, Giuliano Ciannella, Silvano Carolli, Robert Kerns. Cavalleria Rusticana, conducted by Adam Fischer, with Margarita Lilowa, Rolando Panerai, Peter Dvorsky and Silvana. Il Barbiere di Siviglia, conducted by Ion Marin, with Frederica von Stade, Majorie Vance, Robert Gambill and Alexander Maly. Cosi Fan Tutte, conducted by Christian Thielemann with Margaret Marshall, Margarita Lilowa, Olivera Miljakovic. An evening with Jose Carreras (Fri) (51444, ext 2660). Volksoper. In repertory: d'Albert's Tiefland, conducted by Konrad Leitner; Ein Walzertraum (Oscar Straus), conducted by Rudolf Bibl; Die Fledermaus, conducted by Konrad Leitner; Der Freischütz (Zeller), conducted by Rudolf Bibl; Die Bohème, conducted by Ernst Maerzendorfer; My Fair Lady; Hoffmanns Erzählungen conducted by Konrad Leitner (51444, ext 2660).

Vicenza

Teatro Olimpico (Vicenza Festival). Gluck's Paride ed Elena in Walter Pagliaro's production, designed by Pasquale Grossi and conducted by Alan Curtis (Fri, Sun, Tues) (54.81.11).

Pompei

Teatro Grande. Ronald Adler's production of Richard Strauss's Elektra, conducted by Wolfgang Sawallisch, with Hildegard Behrens, Sabine Hass, Christa Ludwig, Hans Heinrich Rootering and Fritz Uhl (Sat) (Rome 656 4126).

Amsterdam

Muziektheater. Ron Bunzl's "ballet event" Mise-en-Cadre danced by the Cloud Chamber company and directed by the creator, with music by Jose-Luis Greco (Mon, Tue, Thur). The Netherlands Opera production of Bluebeard's Castle by Bartok, with Henk Smit as Bluebeard and Kathrine Ciesinski as Judith. The production is directed by Herbert Wernicke, with the Netherlands Philharmonic under Hartmut Haenchen (Wed) (255 455). Stadsschouwburg. National Ballet, with the Schonberg Ensemble under Reinbert de Leeuw, presents the premières of a new ballet by Jan Linkens to music by Janacek, and Glenn Mason's Five Tangos (Tue, Wed) (24 23 11).

Berlin

Deutsche Oper. Zar und Zimmermann is a well done repertoire performance. Aida has a strong cast led by Bruna Baglioni, Julia Varady, Giorgio Lamberti and Ingvar Wixell. Luhu in Götz Friedrich's production features Patricia Wise in the title role, Emily Golden, David Griffith and Gunter Reich. Elektra stars Ruth Hesse, Ute Vinzing and Gerd Feldhoff. Rigoletto, produced by Hans Neuenfels, will be conducted by Silvio Varviso. Shostakovich's opera Lady Macbeth von Mzensk rounds off the week.

Hamburg

Staatsoper. Der fliegende Holländer has fine interpretations by Jose van Dam in the title role, Elisabeth Connell as Senta, Kurt Moll as Daland and Richard Versalle as Erik. Die verkaufte Braut brings Linda Plech, Kurt Streitmayer and Kurt Moll together.

Bonn

Opera. Graham Vick's successful production of Don Pasquale is revived with Rolando Panerai in the title role, Angela Maria Blasi as Norina and Bruno Pratico as Doctor Malatesta.

New York

New York City Opera (State Theatre, Lincoln Center): The season's new production of Rigoletto, conducted by Elio Boncompagni and devised and directed by Tito Capobianco joins Naughty Marietta in Theodore Pappa's production with sets by Oliver Smith. (496 0600).

Tokyo

Japan Folkloric Art Dance Troupe. Now in its 25th year, this company has instilled new life into Japan's folk dance heritage. Yubin Chokin Hall, Shiba Koen (Tues, Wed) (582 9171). Yas-Kaz Concert, with modern dancers, Toshigawara Saburo and Yamaguchi Sayoko: Moonlit Lotus '88. Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Thurs) (410 7184). New York City Ballet in Balanchine's Midsummer Night's Dream. Tokyo Bay NK Hall (Thurs) (505 5511).

FINANCIAL TIMES
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Tuesday September 13 1988

Power games in Japan

IF THERE is a political party in the democratic world eminently capable of riding out a scandal then it is the Liberal Democratic Party in Japan. After all, it has known enough of them in the last three decades, including the conviction on bribery charges of a former Prime Minister, Mr Kakuei Tanaka, and it is still firmly in power. Equally, if there is a political opposition in a major industrialised country so patently unwilling or unable to assume the reins of government, then it, too, is to be found in Japan.

These are the basic political realities underlying the current Japanese controversy in which aides to senior members of the government, including Mr Noboru Takeshita, the Prime Minister, have admitted receiving, or are alleged to have received, the proceeds of what appears to have been a classic insider trading case. It is not impossible that the political prospects of some implicated in the affair will be thoroughly blighted. But history suggests it is much less likely that what has become the natural political order of rule by an essentially conservative party is in comparable danger.

Disingenuous

Some Japanese confessed to be puzzled, even offended, by the attention paid in the West to the current scandal. In this they display disingenuousness. It does no harm to throw a spotlight on the mysteries of Japanese politics, which in the post-Second World War years have been very much built on money, patronage and favours, in the manner of the great American city "bosses" of another era or even, at a national level, the PRI in Mexico.

There are also good current reasons to be interested in how Japan handles this present problem. Mr Takeshita's government has staked its all on passage of a tax reform bill that includes a new consumption levy. This change has for years been recommended by the OECD, has long been mooted by Tokyo and has more to recommend it than not.

The concern is that the scandal will somehow frustrate Mr Takeshita. This probably misreads its impact, at least on the basis of current knowledge. If tax reform fails, it is more likely to be the result of effective lobbying by those vested interests, the retail trade in particular, which dislike sales levies, and of the peculiar Japanese political tradition that the ruling party should strive to reach agreement with the opposition parties rather than ride roughshod over them. Opinion polls and a recent governor's election give Mr Takeshita some reason to be optimistic.

Tokyo market

It also matters that the Japanese financial system continues to move in the direction of greater transparency. To their credit, both the Tokyo Stock Exchange and the Japanese parliament have been prompted to take steps towards greater disclosure, though whether mere laws can eradicate an ingrained habit may be endlessly debated. In reality, it is unlikely that prudent foreign money will have been lost since most, though not all, political "hot stock" dealing has been confined to very obscure companies. In any case, investors may have some reason to be grateful to the Japanese authorities for ensuring, often through opaque "guidance", that the Tokyo market has remained so buoyant in the last year.

But the main reason for hoping that good may come out of bad is political. The LDP's leadership is looking a bit aged and jaded and it is perhaps time for some of its undoubtedly able younger members, more outward-looking, to be given authority. A similar sea change in attitude and policies would be welcome in the opposition ranks. For there is evidence of new social disparities emerging in Japan, based on wealth, the even distribution of which in the post-war years has contributed so much to the country's harmony and success. It is about time Japan's politicians focussed more on such issues than on greasing the wheels of politics.

Brazil's new constitution

AFTER almost two years of confused and noisy debate, the Brazilian Constituent Assembly has finally drafted and approved a new Constitution which will be promulgated at the beginning of next month.

The document is exceedingly ambitious, laying down norms, often in minute detail, for every aspect of Brazilian society. As a result it is one of the longest constitutions in modern history, running to 245 articles. The sheer size of the Constitution provides something to please, and probably irritate, everyone. Moreover, some provisions are so manifestly impractical that they risk being totally ignored or quickly modified.

Despite those shortcomings, the Constitution marks a milestone in the development of modern Brazil. It provides the framework for a genuinely democratic society and ends the awkward constitutional vacuum which has characterised the transition from military rule. President Sarney has been in the highly unusual position of a non-elected transitional leader who has ruled largely by decree, like his military predecessors. This has undermined his legitimacy, while the unseemly wrangles over how long be should stay in office have distracted the constitutional debate.

Ambiguity

The Constituent Assembly never seriously questioned an alternative to a strong presidential system of government, which has been adopted throughout the continent. However, the President, who holds office for five years, has been made accountable, and in some instances subordinate, to Congress. The Legislature, composed of a Chamber of Deputies and Senate, can, among other things, sanction the President, alter the national budget and determine international treaties. The text is sufficiently ambiguous to permit either a strong Congress to assert itself against the presidency, or vice versa.

The same ambiguity applies to the role written in for the military on their own prompting as guarantors of constitutional order. Though not intended as a licence to intervene, the military can claim a watch-dog status. This sop to the armed forces is offset by the Constitution's enthusiastic endorsement of liberal ideals.

Utopianism

In the last resort, Brazil's politicians have approved a document which is as much a statement of national identity as a bill of rights. The democratic ideal enshrined in the text may seem too utopian, but this is a necessary antidote to the ever-present danger of military rule. The utopianism also reflects the aspirations of a huge multi-ethnic society anxious to co-exist harmoniously in spite of sharp divisions of wealth and opportunity.

Liberal provisions include abolition of censorship, the vote for 16-year-olds, a statutory 120 days maternity leave, and the introduction of the principle of "habeas-data" – an individual's right of access to personal data in official files. However, there are contradictions in this liberalism. Workers, for instance, have been granted the right to strike, and are guaranteed payment in the event of dismissal. But the unions' lobby failed to reduce the working week to a statutory 40 hours, and land reform, one of the most controversial socio-economic issues, has been side-stepped.

The Constitution is least impressive when dealing with economic matters. The provisions are retrograde, ignoring the present Latin American trend towards a greater play of market forces and the easing of restrictions on foreign capital. The tone is nationalistic and protectionist, starting with the concept of a "Brazilian" company, whose majority capital must be domestically held. Brazilian companies can enjoy privileged access to finance, operate exclusively in key strategic sectors and be given preferential treatment in contracts.

The Brazilian knack of compromise suggests ways will almost certainly be found to skirt these hurdles. Everyone seems to be operating on this assumption, and at a practical level this can only be welcome. Nevertheless, the fact that aspects of the Constitution can be so readily ignored or adapted cheapens the document itself. This is the price of a long constitution which goes well beyond fundamental rights and freedoms.

Alice Rawsthorn on problems facing Britain's restructured textile industry

Chill winds blow from abroad

In recent months the spectre of recession has returned to the British textile industry. After a few balmy years it has been plunged into a far harsher economic climate.

The chief culprit is the rise of the pound on the foreign exchange markets. Textile imports into Britain have already risen; textile exports are starting to slow. Some areas of the industry have been embroiled in cuts and closures that are reminiscent of the dark days of the early 1980s.

So far the industry has been sheltered by the buoyancy of the home market and by the length of time taken by its retail customers – at home and abroad – to react to changes in currencies. But this autumn it will be fully exposed to adverse exchange rates. It will soon become clear whether it is capable of coping with a more competitive climate.

In the recession of the late 1970s the industry faced a similar, if more forbidding, scenario. At that time its economic problems were worsened by structural weaknesses – low levels of automation, deplorable design, commodity production and surplus capacity – the legacy of decades of mismanagement.

After the recession the textile companies plunged into a period of rationalisation and restructuring in which they attempted to address these problems. The cuts and closures transformed the industry by washing away the last vestiges of its historic excesses. The monumental mills of the 19th century have become museums. The grandiose complex built for Courtaulds at Skelmersdale by Lord Kearton in the late 1960s now houses a Hare Krishna meditation centre.

The critical question is whether the restructuring was sufficient: whether the structural weaknesses have been overcome and the industry is now of a size and shape to compete within world textiles.

For a few years, in the mid-1980s, the restructuring seemed to have succeeded. The industry emerged from recession into a more favourable economic environment. Sterling settled at a competitive level. The emergence of new retail forces, like Next, helped to stimulate spending by enlivening the High Street. Advances in automation enabled the textile groups to make impressive improvements in productivity.

"After three decades of decline, textiles had become a go-go industry again," says Mr David Alliance, chief executive of Coats Viyella. "Structurally it was stronger than ever. Confidence was rising. People were even beginning to talk about expansion."

But in the autumn last year this confidence evaporated when sterling strengthened and the US dollar weakened. Suddenly the industry found it much more difficult to compete with its overseas counterparts.

The principal problem was imports. Textile trade is international and is very vulnerable to currency changes. If exchange rates weaken in one region, like the US, then the manufacturers of Hong Kong and South Korea will divert their cloths and clothing to more lucrative markets with stronger currencies, such as Europe. And despite its recent recovery, the dollar is still well below the levels of the mid-1980s.

Britain is one of the most accessible European markets, chiefly because of the concentration of retail power. Half of all clothing sales are controlled by just five companies. This makes it comparatively easy for overseas suppliers to enter the market.

Last year the influx of textile and clothing imports into the UK rose by 14 per cent to £6.5bn. Output in 1987 remained stable in real terms at £13.7bn, thanks to booming exports – up by 13 per cent to £3.5bn – and buoyant consumer expenditure.

But in the first half of 1988, the flow of imports accelerated by 12 per cent to £3.4bn. Moreover the strength of sterling took its toll on exports, which rose by a more modest 4 per cent to £1.7bn. The level of textile output fell.

Nevertheless the industry has been relatively resilient.

"Two years ago we identified an exchange rate of $1.80 as the point at which life would become difficult," says Mr Martin Taylor, chairman of Courtaulds Textiles. "Then it would have seemed impossible that the pound could rise above $1.70 or even $1.80 and we would carry on almost as normal. But we have."

Some areas of textiles are suffering, but these are the sectors where adverse exchange rates have been exacerbated by other problems.

The knitwear companies have suffered not only from increasing imports but from the trend towards more tailored clothing. Many manufacturers are now on short-time working. Coats announced a round of redundancies in early spring. Corah, one of the bastions of the East Midlands knitting industry, recently withdrew from knitwear production as part of a package of over 1,100 job losses.

Similarly, the problems of the acrylic spinners have been compounded by a surge of cheap imports from Turkey and Mexico. Courtaulds

The critical question is whether the restructuring was sufficient: whether the industry is now of a size and shape to compete within world textiles

and Lister have already closed acrylic mills. Other companies have been forced to resort to redundancies. The hand knitting sector, in the throes of a worldwide slump, is also embroiled in cuts which have, so far, cost about a quarter of its workforce.

The rest of the industry is now bracing itself for more competitive conditions. There are ominous signs that, despite the dollar's recent recovery, the multiple retailers will increase overseas sourcing this autumn. Even Marks and Spencer, the industry's saviour in the early 1980s, intends to increase its intake of imports.

The clothing sector, at least, will be sheltered by the complex quotas negotiated under the Multi-Fibre Arrangement. The MFA can control the volume of imports – as it did in knitwear last year when, for the first time in many years, the quotas were fully utilised – but it cannot alleviate the pressure on prices and profitability.

Moreover, the slowdown of exports suggests that the industry can no longer rely on strong overseas sales to counter the weakness of its home market. These problems could be compounded by the erratic outlook for consumer spending and the increase in interest rates, which augurs ill for sales of home furnishings and carpets.

All in all the industry will face a more competitive climate this autumn. A downturn in demand – and subsequent fall in output – would almost certainly be followed by further rationalisation.

So far the textile companies have acted swiftly to counter problems by cutting costs in the weak areas of knitwear, hand knitting and acrylic spinning. The lessons learnt in the late 1970s and the pressure from the stock market should ensure that they act equally promptly if problems arise in other areas.

Textiles has been one of the most sluggish sectors since the stock market crash. All the publicly quoted companies are acutely aware that the weakness of their shares makes them vulnerable to predators. There has already been a flurry of acquisitions, culminating in Coloroll's takeover of the John Crowther Group. This accentuates the need to take speedy action if parts of their business perform poorly.

But the precedent set by the weaker areas in the past year or so suggests that some parts of the industry have been able to mitigate the effects of increased competition.

The most vulnerable companies have been those involved in commodity production where the pressure from imports is most intense – like the sweatshops that churn out cheap knitwear on dilapidated machinery in the back streets of Leicester.

Conversely the most resilient have been the companies that have invested in design and automation. Meridian, a Courtaulds knitwear company in Nottingham, has used its investment in design as an important part of its strategy to improve competitiveness.

Three years ago Meridian operated at a loss. A new management team arrived and identified weak design as one of its principal problems. The new team had limited capital to invest in new machinery, so it concentrated on expanding the design team and changing production practices.

Last year Meridian broke even. This year, despite the downturn in tha knitwear market, it should make a modest profit. Moreover, at a time in which many of its competitors have been forced to shed labour, it has maintained full production.

Just as Meridian has harnessed investments in design to become more competitive, so Thomas Burnley, the acrylic spinning subsidiary of Coats near Halifax, has invested in automation. While its competitors have been forced to close plants and shed labour, Burnley has lost only a few days in short-time working. Coats attributes this to the £10m invested in new equipment over the last five years.

"It is only through investment that the industry can secure its future," says Mr Alliance. "The companies that invest will come out of the exchange rate crisis stronger than they went in. The others will fall by the wayside."

Ostensibly the level of investment in design and automation across the industry has increased encouragingly. Yet the textile companies have not nurtured the same links with designers that have proved so successful in Italy. Only one of the big groups, Coloroll, has a design director on its main board – and its origins lie in wallcoverings, not in textiles.

Similarly the level of automation in the British industry is still not comparable with that of its European competitors. The apparently impressive improvement in productivity – 40 per cent since 1980 – is set against the lamentably low levels of the 1970s. A recent study by Werner, the management consultancy, gauged output per man hour within British cotton spinning at two thirds of that in Italy or West Germany.

Moreover the industry is still hidebound by history. Some companies are struggling to compete in international markets from the "dark, satanic mills" of the 18th and 19th centuries.

Courtaulds has invested in modern machinery to turn Ashton Bros, on the outskirts of Manchester, into one of the most efficient towelling plants in Europe. But Ashton is competing with the shiny new factories of the US and Portugal from an ancient mill – parts of which date back to the 1700s – built on 11 different levels with 14 acres of roof.

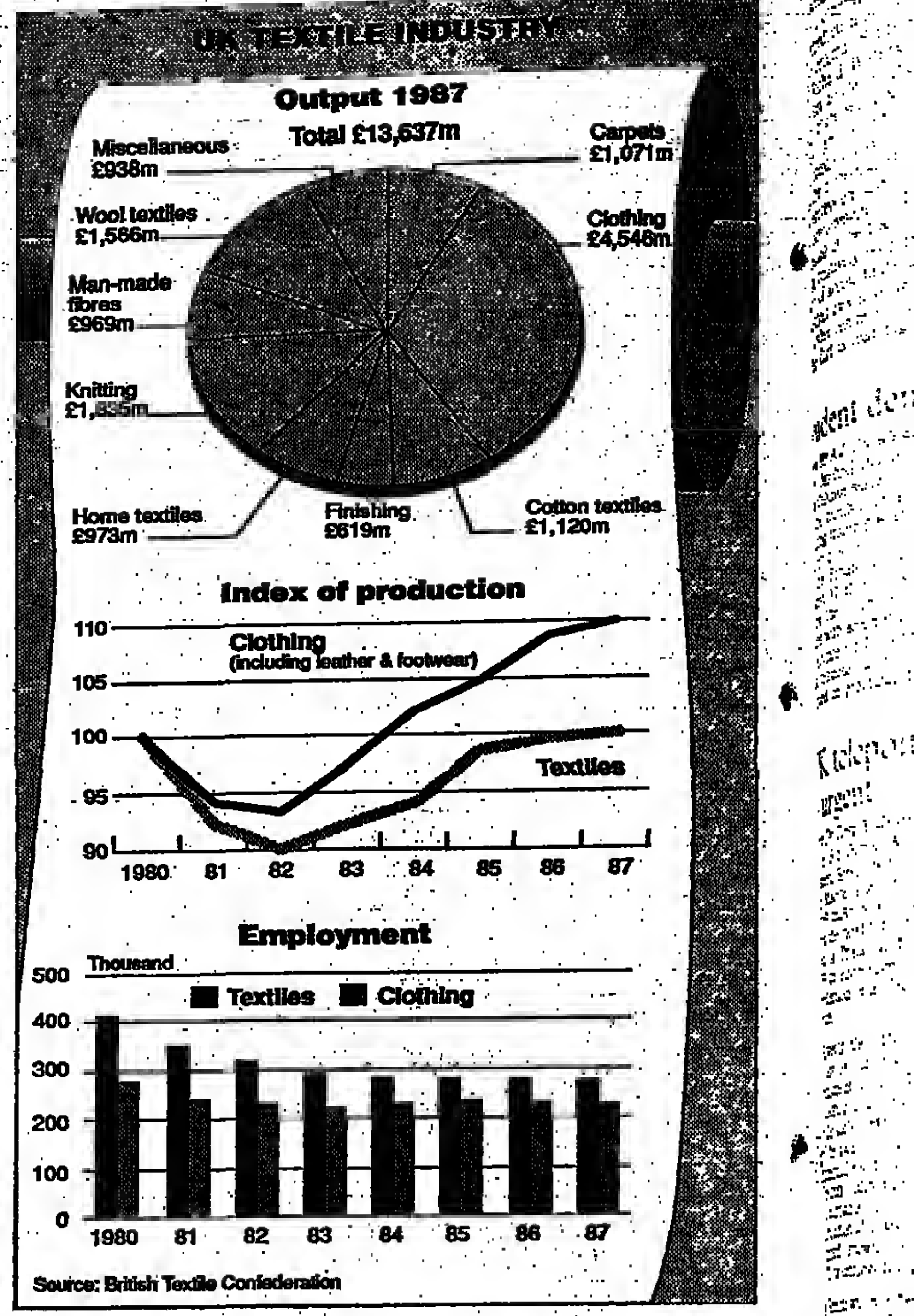
Eventually tha limitations of the building will exhaust the potential for productivity gains. Courtaulds is now considering whether the long term returns from Ashton justify investment in a new plant.

"The days of easy productivity gains are over," says Mr Taylor of Courtaulds. "The general level of efficiency is now so much higher that it will become increasingly difficult to make improvements. Our investment decisions in the future will be much more onerous."

Even in the favourable economic environment of the mid-1980s the industry relied on productivity gains to boost profitability. It now faces a far less favourable environment at a time when the scope for easy gains has been exhausted.

In the clement climate of the mid-1980s the industry could afford to ignore its comparative weaknesses and congratulate itself on the very real advances made since the recession.

This autumn it may have to come to terms with those weaknesses when competition intensifies and the restructuring of the mid-1980s is *really* put to the test.



OBSERVER

New light on Howe

■ Tribal dancing has not previously been listed among Sir Geoffrey Howe's recreations. Yesterday, however, the British Foreign Secretary showed that he can bob and weave with the best of them.

Howe was welcomed at Lodwar, in Kenya's remote north-eastern province, with a vigorous display put on by ladies bedecked in multi-coloured beads, bangles, skirts and fly-whisks. Wearing (for him) an unusually conventional Foreign Secretary kit – black shoes (the brown suedes obviously left behind), grey suit, white shirt with thin pink stripes and the tie of the Commonwealth and Diplomatic Writers' Association – he joined in.

The Foreign Secretary swayed enthusiastically if not always rhythmically and every now and then tried a masai-style hop. Lady Howe looked on with a mixture of admiration and astonishment. The temperature was in the 90s. Afterwards he removed his tie, but not his jacket. Some professional observers claimed that it had been a fertility dance.

Presumably Sir Howe, as some Africans tend to call him, learned the steps when he was a lieutenant with the East Africa Signals during his National Service. He always had a good memory.

No Lady Biggs

■ Jane Ewart-Biggs, one of the Labour Party's assets in the House of Lords, recalls in her new book how she finally heard that her ennoblement had been announced. She was on holiday in the Alps and came across some English people reading the Daily Telegraph. "Look," one of them said, "they've put some new people in the House of Lords. Wonder who the old codgers are?" The woman read down the list and exclaimed: "You'd never believe it. There they are, always chivvying that poor Ronald from pillar to post, and now they've gone and put his wife in the Lords."

It was not the first time that she was mistaken for *the* Mrs Biggs, wife of the great train robber, Ronald. Most people, she notes, were disappointed to learn the truth.

Lady in the Lords was published by Weidenfeld & Nicolson yesterday.

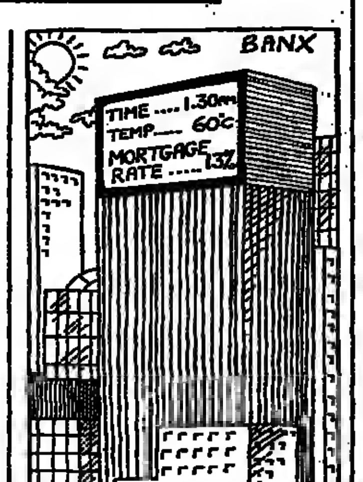
Jeux de France

■ France's Olympic team is not expected to come home from Seoul covered in medals, but the country's sporting authorities are determined to keep the French language intact.

The Ministerial Commission for Sports Terminology has produced a 200 word vocabulary to ensure that athletes and television commentators can express the Olympic spirit in correct French: "corps à corps", not "infighting", or "parrainage", not "sponsorship". "Fairplay", however, is still just about permitted, although the Commission would prefer you to say "franc-jeu".

Post profits

■ One company doing rather well out of the British postal strike is Strike Risks Management Ltd. Actually, that is not quite true. "We insure against risks, not certainties," said John Allan, who runs the business. A French book club which asked for cover last week was turned down because the postal strike had already started. So was a British cartoonist who relied on the mail to deliver his drawings. But what the strike has done is



stimulate interest in insuring against future industrial action.

SRM was formally launched in May to provide cover for innocent third parties affected by disputes, though it had been testing the market some time before. The cover is underwritten by Lloyd's of London and the business is intended to be around the world. "Last Friday," Allan said, "my two main visitors were from New Zealand and South Africa."

A client who did benefit was a hot dog seller in the US who had a franchise to operate at ball games. He anticipated correctly that the football players would go on strike, took out a policy to cover any losses and was duly paid.

Initial cover is available up to $2m. Allan would not discuss the premiums, but he said firmly: "We are making money." The scheme is aimed at the small to medium companies, not the ICIs and Fords, and does not cover strikes by their own employees.

Allan, now 58, has a a 30 year background in marine underwriting and still works in it. SRM at present is only a two man band but, he claims, unique.

Not all Bad

■ Over 3,000 people were reported hurt at Michael Jackson's show at Aintree last Sunday, and the police said that was normal for an audience that size. It numbered 125,000 and was a European record for a concert. Jackson himself has not stopped. He has gone straight to California to continue his tour.

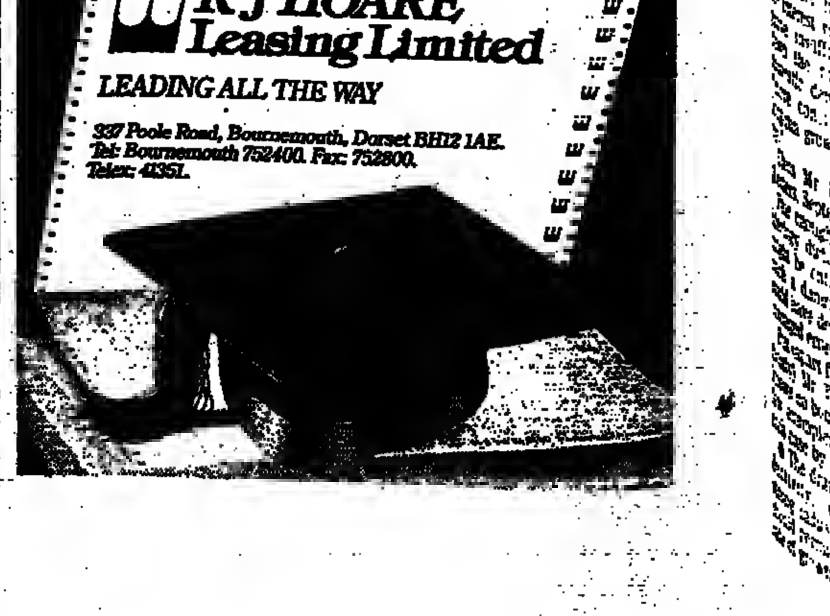
It is exactly a year since he began his travels in Tokyo and he has now performed in front of over 3m people in Japan, Australia and Europe. About 1m saw, or glimpsed, him in the UK, paying a gross of £16.5m. On top of that, there will be the royalties from merchandising, say a minimum of £5m, and the reputed $15m that Pepsi Cola threw in to sponsor the tour.

Yet for Jackson, after the costs of transporting a crew of over 200, plus many tons of equipment, have been deducted, the income from touring is remains pin money. The concerts are really designed to promote his latest album, Bad. It is still in the Top Ten in the UK charts a year after its release, with sales of over 2m, which suggests that this summer's turbulence has been worth it.

Bad has a long way to go before it matches his previous album Thriller, the best selling disc of all time with world wide sales of over 40m. Jackson takes a royalty of over $2 from every copy sold. He is said to be running out of accountants.

Direct appeal

■ Sign seen in the rear window of a car being driven by a young man in Chelsea: "National Sex Week. Please give generously."



LETTERS

High flyers prefer accountancy to industry

From Mr Nick Tarrant, Editor, The Accountant.

Sir, I congratulate you on the introduction of an Accountancy column (September 8), and Richard Waters on his excellent article on the apparently oversized UK accountancy profession. He is undoubtedly correct to suggest that the numerical strength of the profession has inhibited the development of business education in the UK.

The relatively poor representation of accountants at chairman/chief executive level merits further comment, however.

The fact is that big accountancy firms, having trawled an enviable number of the most able minds in each generation, make it very attractive for high-flyers not to go into industry. Senior partners in large firms do not disclose their take-home pay (or other – maybe more tax effective – rewards), but a healthy six figures can be assumed. In fact, the rewards are comparable with the best in industry, give or take the odd headline-grabbing exception.

But where are the risks? People running "the big eight" accountancy practices work hard, no doubt, but they do not tend to be made redundant. In theory they have unlimited personal liability (which they are seeking to shed), but in practice there is no sign of diminished affluence, even in today's litigious climate.

Who pays the bill? Audit clients – which ultimately means you, Sir, and me and everyone else, as consumers of goods and services. And despite the competitive nature of accountancy engagements the position is still monopolistic: no major firm is seriously going to rock the boat by reducing fees. (It might even run counter to the profession's ethics to do so.)

It should therefore come as no surprise that many of the brightest people in the country occupy partners' penthouse suites rather than corporate boardrooms. Tha strength of our regulatory and advisory sector complements the weakness of many aspects of industrial management.

One may question whether this was ever a desirable balance. In the international trading world we now live in, it is surely not.

Nick Tarrant,
Editor, The Accountant,
70 Newcomen Street, SE1

Student demand for training matches strong market demand

From Mr A.J. Colquhoun.

Sir, Michael Dixon, drawing Jobs Column readers' attention to the number of graduates entering training with firms of chartered accountants, argued in the Financial Times on August 17 that in economic terms the country is overloaded with accountants.

Evidence for his thesis is at best tenuous, and it is confounded in practical terms by the strong market demand for qualified accountants. There is equally strong demand in the student market for training in accountancy firms.

What is certainly undeniable is that each year these accountancy firms, through their education and training systems, are "converting" some 4,400 non-accountancy graduates, with degrees in disciplines of all sorts, to financial and business literacy.

This is achieved at no cost to public funds; it is paid for by the firms themselves. In some cases, firms are spending up to 5 per cent of their turnover on training their students and other staff.

Wa are constantly being told that Britain's work force is under-educated, ill-trained and ill-equipped by comparison with other industrial nations. If business as a whole spent in proportionate terms even a small fraction of what the firms of chartered accountants spend, we might begin to redress the balance.

A.J. Colquhoun,
Director, Education and Training, The Institute of Chartered Accountants,
PO Box 433,
Chartered Accountants' Hall,
Moorgate Place, EC2

UK telepoint is urgent

From Dr Tony Milbourn.

Sir, Sir Derek Alun-Jones (Letters, September 5) and Mr Ken Macrae (Letters, September 9) make powerful points about the need for the Department of Trade and Industry (DTI) to encourage the early introduction of a UK telepoint service.

However, the (other) Europeans are on our heels, with a commitment to standards harmonisation and de-regulation by the early 1990s. Sir Derek will be aware of the strong commercial and technical pressure from continental electronics companies for the early introduction of a pan-European standard (known by some as *CT3) for cordless telephones.*

Ferranti will not be the only company to benefit from the earliest possible introduction of a UK telepoint service; the window of opportunity for CT2 is limited and we need time for the UK to gird its loins before looking across the Channel to an even bigger opportunity.

Tony Milbourn,
The Technology Partnership,
Melbourn Science Park,
Melbourn Royston, Hertfordshire

'Innovators champ at the bit'

From Mr J.W. Tayler, Chairman, Air Call Communications.

Sir, Sir Derek Alun-Jones's letter (September 5) struck many chords with us but – perhaps kindly – avoided differentiating between Government ministers and their civil servants.

We still hold four frequencies allocated to us in 1979 for trials of cellular radio, some years before the potential of cellular became apparent. But we lost our initiative to the fairness of a "beauty contest".

Exactly the same thing happened after we *successfully* lobbied for television band III to be released for another mobile radio service. A "beauty contest" ensued for this, too. And now another, for Ferranti's cordless phone initiative.

It was noticeable in our discussions with Government ministers that they soon became enthusiastic with the possibilities *of our initiatives.* It also became apparent how *difficult it was for them not to* accept the civil service approach, which slowed up these innovative concepts. Too fast seemed, to civil servants, too dangerous, and gave no controls for them to exert. Thus came open-ness of public discussion, and "beauty contests".

In times past we have gained from the ability of "the establishment" to slow up the – often diametrically opposing – approach by ministers from different political parties.

Now, innovators and businessmen champ at the *bit* while ministries debate and discuss. Innovation in the UK, and the speed of change that is necessary, should come from a Government long in power, and experienced in the ways of "the establishment".

J.W. Tayler,
Air Call Communications,
104-106 Rochester Row,
London SW1

Banker's basics must apply

From Mr R.A. Hammond-Chambers.

Sir, Need Latin American debt be so complicated? If we return to fundamentals about borrowing and lending, surely some of the answers emerge?

● Those who lend (bankers) should do so only to those who can afford to borrow and to repay. Making further loans to indebted nations helps, in the long term, no more than giving another fix to a drug addict.

● Do not lend for consumption, only for investment – with collateral. Most of the Latin American nations need money today primarily for consumption (consumption should be financed through foreign government aid and charity, not through loans).

● If a person, institution or nation cannot honour debt obligations, do not lend more, for it will almost certainly happen again.

● If a person, institution or nation makes a bad loan, it will suffer the consequences sooner or later. More loans mean greater suffering later.

So: Do not lend more money to indebted nations. But what is the constructive solution?

Past debts – interest and payment – must be forgiven. (It will happen anyway because the alternatives – working it out, or more debt – so cripple the borrowers that forgiveness, voluntary or otherwise, is inevitable.) The consequences for the lenders will be difficult. But forgiveness would constitute a considerable amount of foreign aid – and would also be a powerful economic stimulus which will rub off on the lending nations.

Thereafter, a policy of much stricter lending for investment purposes only, and a politically acceptable role for foreign equity in less developed countries, will have to be adopted.

R.A. Hammond-Chambers,
Ivory & Sime,
1 Charlotte Square,
Edinburgh,
Scotland

CBI study

From Mr Esmond Lindop.

Sir, In his otherwise accurate report of the Confederation of British Industry (CBI) study of changes in pay determination since 1979 (September 2), John Gapper attributes its authorship to Professor William Brown.

While Professor Brown was good enough to contribute a foreword to the publication, the research itself and the writing of the report (together with blame for any errors) were the responsibility of CBI staff.

Esmond Lindop,
CBI,
Centre Point,
103 New Oxford Street, WC1

Debt payments put on 'hold'

From Mr Christopher Macgowan.

Sir, Since the mail strike began we have received from our creditors 13 invoices delivered by hand or by private contractor. During the same *period – and hardly surprisingly* – there has been no corresponding delivery of cheques to us from our debtors.

If this is a general reflection of the postal dispute, we are all investing large amounts of money delivering invoices which stand no chance of being paid. Maybe it really will prove cheaper to maintain a larger overdraft facility during the dispute, and put the accounts department on "hold."

Christopher Macgowan,
Harbury Sales & Marketing,
17 Manor Orchard,
Harbury,
Royal Leamington Spa,
Warwickshire

Moratorium on maintenance

From Mr J. McLaughlin.

Sir, Observer's distress (August 25) at the impact of the Government's moratorium on national road maintenance, reducing the demand for motorway bollards, disguises a more serious problem.

The moratorium – imposed in June, only two months after the original 1988-89 *motorway* and trunk road renewal programme was announced – has already caused contractors to lay off staff at what should be peak road maintenance season in both technical and traffic terms. It also guarantees that the backlog of motorway and trunk road renewal work will not be eliminated until at least 1996-97.

Back in 1985 the National Audit Office reported that "a continuing failure to spend now to save later (on motorway and trunk road maintenance) will incur substantial additional real costs in terms of direct expenditure; and there will be continued disruption inconvenience and associated costs for industry and the travelling public".

With the present size of the public sector surplus, is there any economic sense in not maintaining our national roads adequately?

J. McLaughlin,
British Aggregate Construction Materials Industries,
156 Buckingham Palace Road, SW1.

TV advertising rates

From Mr Edmund Dell.

Sir, You published a letter from me (August 4) claiming that recent information strengthened yet further the argument for Channel Four selling its own advertising time.

Professor Harry Henry now criticises me (Letters, August 25) for using the concept "sold at a discount" – which, he says, is meaningless in the television advertising market – and for not understanding that the size of the Channel Four audience must imply a lower average revenue per viewer than is achieved on ITV.

Professor Henry is wrong. Professor Alan Budd, in his report to the *Channel Four* board in October 1986, examined at length the source of the "discount" (Professor Budd's term) on the sale of Channel Four advertising time. His arguments are available to Professor Henry and I will not summarise them.

Suffice it to say that Professor Budd concluded (paragraph 119 of the report) that "there are good reasons for believing that the relative price of Channel Four's advertising time could be increased if current selling arrangements were changed".

I apologise to Professor Henry for preferring Professor Budd.

Edmund Dell
4 Reynolds Close, NW11

Analyses past and future are both contained in analysis present

From Mr Stephan Schattmann.

Sir, Wa must not make "over-hasty judgments" that the interest rate weapon may prove insufficient to bring down the rapid growth of domestic demand to a rate "more consistent with the long-run growth in productivity."

Thus Mr Ian Taylor MP (Letters, September 1).

Fair enough, if that is what ideology dictates; though one might be entitled to ask how such a dangerous imbalance could have developed in a well managed economy anyway.

But (apart from this local difficulty) Mr Taylor's optimism knows no bounds. May I give a few examples – followed in each case by another view?

● The dramatic rise in productivity, combined with strong industrial investment, should permit a faster annual rate of growth than the recent trend of 3 per cent would imply. Another view is that projections indicate a significant slowdown in economic expansion to 1988-89. Any judgment about the course of the economy is severely impeded by large inconsistencies in available statistics.

● It was unlikely that many Conservative MPs would agree with the National Institute's call for higher personal taxation, as this would negate the longer term beneficial effects of the Budget's tax cuts. Another view is that fiscal policy may have to be tightened if excessive demand growth persists, and exchange rate considerations preclude a further rise in interest rates.

● An analysis of the latest export figures shows positive signs that investment is bearing fruit in increased sales abroad. Another view is that, given the loss in price competitiveness since 1987, exports will make a negative contribution to growth in gross domestic product.

● Overseas confidence in the UK remains high, judging by capital inflows. Another view is that international capital flows can be highly volatile, and financial market sentiment can change abruptly. A faster-than-expected rise in the current account deficit, or renewed fear of overheating, could translate into capital outflows and downward pressure on the exchange rate.

Who, Sir, is the source of "another view"? Why, the very same OECD (Office of Economic Co-operation and Development) in its Annual Review on the UK to which Mr Taylor refers in support of his claim that the UK economy was experiencing a "remarkable period of intrinsic success."

The Review does indeed comment favourably on *past* economic performance which, it says, "compares favourably with that of most other member countries." But it also stresses that "in contrast to many other member countries disinflation has made only modest progress over the past five years."

"Another view," on the other hand, reflects its conclusions on *future* trends and policy requirements. And this Review is not simply a report produced by OECD's staff. It has been discussed, revised and finally adopted (July 11) by the Economic and Development Review committee on which member countries' representatives sit.

Politicians (of all colours) should remember that foreign holders of sterling are the final arbiters of its value.

Stephan Schattmann,
65c Wigmore Street, W1

FOREIGN AFFAIRS

Reverting to a pre-war world

Edward Mortimer looks at changes in the superpowers' grip on global affairs

"Multipolarity" is the flavour of the month, if not of the decade. We live, or are about to live, in a "multipolar" world, as opposed to the "bipolar" one we have lived in since 1945.

That statement may surprise physicists and geographers, for whom (as far as I understand these things) there can be only two poles, by definition opposite ones, in any given context. But it is commonplace to the point of tedium in the field of geopolitics, or Strategic Studies, as I discovered over the weekend at the 30th annual conference of the International Institute thereof (IISS). It means of course that, whereas the post-Second World War world has so far been dominated by two superpowers, it is now reverting to the pre-war norm whereby power was more evenly distributed among a larger number of states.

Actually this idea is not new. As early as the late 1960s the Sino-Soviet split, and the readiness of France and Romania to contradict their respective superpower protectors on major issues of foreign policy, had already convinced some analysts that the multipolar (or "polycentric") world had arrived. That view became increasingly fashionable as the Vietnam war demonstrated the limits of American power; as *détente* seemed to reduce the importance of the superpowers' nuclear arms race; as the European Community developed and expanded; and as the abandonment of the dollar-gold link in 1971 drew attention to America's relative economic decline. It was rendered even more popular by the 1973 oil crisis, which brought "North-South" issues to the top of the agenda and made "East-West" ones seem less important.

But the aftermath of that crisis saw the US recover faster than its European allies and reassert its leadership role; and the collapse of *détente* in the late 1970s threw the spotlight sharply back on to East-West competition. In the early 1980s the world seemed almost as "bi-polar" as it had ever done.

To some extent, therefore, the notion of "multipolarity" is a cyclical fad, back in fashion now because of the renewed superpower *détente*, the Soviet withdrawal from Afghanistan, the rise of Japan and the newly industrialised countries (NICs) in East Asia, the emergence of the US as the world's biggest debtor and the renewed arguments over "burden-sharing" within the Atlantic Alliance.

"Bipolarity", after all, was never a fully accurate description of the post-Second World *War world; certainly not if it* was taken to imply symmetry between the two poles. In global terms the US was clearly the dominant power, while Soviet power was confined to the Eurasian landmass. In overall economic production, the USSR was never remotely a match for the US, still less in technological innovation across a broad front. Virtually the only compensating advantage it had was a political system which enabled it to concentrate resources very heavily in the military sphere and in the technology of military application.

By the 1970s it had achieved strategic parity with the US in intercontinental nuclear strike capacity, and also expanded its navy and its overseas military aid to the point where it could challenge American hegemony at a number of points in the Third World – the most important being Cuba, Egypt until 1972, Ethiopia and Angola. That these incursions caused such alarm in Washington should not disguise the fact that they were essentially a challenge to America's global predominance: they fell a long way short of replacing or even equalling it.

As far as the East-West balance goes, therefore, what has happened could be summarised not too unfairly by saying that the US has successfully seen off the Soviet challenge to its world dominance, though without recovering the unchallengeable position it enjoyed when it had a nuclear or even an ICBM monopoly; and that the Soviet Union, realising that by virtually all indicators it is falling further and further behind the US, has trimmed down its external commitments and embarked on what is likely to be a long period of relative introspection and internal reform, if not major upheaval.

One effect of that is, again, to divert interest away from the East-West nuclear balance, about which in any case strategists seem to have great difficulty in finding anything new to say. The IISS Conference proceedings were private and off the record, but I am hardly giving away any secrets if I say that a recurrent theme was that the central balance between the superpowers is becoming rather old hat, and that "regional" or "peripheral" conflicts, ie, those outside Europe, are the ones now most in need of study – if only because those are the conflicts in which the participants habitually still resort to war. That gave a pleasantly trendy feeling to those of us who had opted to attend Committee 6 (out of 9), whose assigned topic was "trends in regional conflict and implications for world strategic order: towards the decline of superpower military involvement."

Significantly, there was some doubt whether the second half of the title was or was not supposed to be followed by a question-mark. On the whole it seems reasonable to expect that the Soviet Union will be as careful to avoid further Afghanistans as the US has been to avoid further Vietnams, but of course intervention with a large-scale expeditionary force in a long-running civil war is far from being the only kind of military involvement that superpowers indulge in.

Events of the last few years include, for example, not only the disastrous US attempt, with European allies in tow, at freelance peacekeeping in Lebanon, but also the successful US intervention in Grenada, the US bombing of Tripoli, the sending of a sizeable US fleet (again with European allies in tow) to the Persian Gulf where it took action including the destruction of the Iranian navy, and a massive escalation of Soviet arms supplies to Iraq enabling it to gain a decisive advantage over Iran.

That does not at first sight suggest a decline in superpower military involvement in regional conflicts, but it may suggest a pattern of such involvement. Direct intervention with ground forces is only possible within a power's recognised sphere of influence, and in circumstances where prolonged resistance can be ruled out. Peacekeeping is best carried out in a UN framework with support from both superpowers but direct involvement of neither. Africa and Asia outside the Middle East may be seen as unprofitable areas for direct military involvement, where intervention can be left to regional powers (eg, India in Sri Lanka) but superpower *pressure can be used to nudge* regional clients towards compromise (Angola, Cambodia).

The Middle East remains the region which is too important to both superpowers for either to leave the other a free hand, and where both may need to be militarily involved, not so much against each other as in attempts to control local powers which threaten stability by pursuing local conflicts in an area of such great strategic sensitivity.

Whether that amounts to a "multipolar" world is largely a semantic question. *It does look* like a world which the US will still attempt to manage, but in which it will need to associate others with it in that task: not only allies but multilateral institutions (regional ones as well as the UN), and on occasion also a global adversary that looks less and less of a serious rival.

FINANCIAL TIMES

Tuesday September 13 1988

Papandreou stays at the helm

The Greek premier defies ill health, writes Andriana Ierodiaconou

MR Andreas Papandreou, Greece's Prime Minister since 1981, is a politician who specialises in unexpected moves which seldom fail to catch his opponents on the wrong foot.

At the end of August, however, the unexpected caught up with him, in the form of a sudden illness which resulted in his being hustled off to London for medical tests that revealed the need for a heart valve replacement operation.

That abrupt departure has brought into stark focus what Mr Papandreou's supporters and the country at large have always known: that he effectively embodies both the Socialist Government and the Socialist party (Pasok) which he founded 14 years ago.

In a short television broadcast from hospital at the end of last week, Mr Papandreou moved to quash persistent press speculation that his medical problems will prompt his retirement and transform the Greek political stage.

Looking considerably thinner, but speaking clearly, he expressed confidence to Greek viewers that he would soon return to the "immediate service" of his country. Officials in Athens have stressed the Socialist leader's determination to remain at the helm, and say he continues to direct the administration by remote control from London.

Secondary ailments have delayed his heart operation, but he is said to be recovering from these and the latest word is that the eminent physician Dr Magdi Yacoub hopes to perform the necessary surgery by the end of the week.

Andreas Papandreou: confident about return to political life

Some press reports on his condition have been dismissed by a government spokesman as "pseudo-guesswork bordering on the ridiculous."

State television has assiduously advertised Mr Papandreou's London work schedule, involving frequent telephone consultations with ministers. The Justice Ministry has overruled claims that the appointment of a prime ministerial deputy is required under the Greek constitution.

Barring unforeseen medical complications at Harefield Hospital, most independent observers believe that Mr Papandreou will return to lead Pasok in the next general elections, which must be held by next June. After that, however, any prediction is risky.

Many observers here believe that in the event of Mr Papandreou quitting political life, Pasok would run a serious risk of being defeated at the polls by the conservative opposition.

However, the Prime Minister's illness has effectively put an end to speculation of early elections before the end of this year, an option he is thought to have been considering before now.

Mr Papandreou's illness does not seem to have altered the foreign policy course on which he had been steering his administration single-handed: the rapprochement with Turkey, and the negotiation of a new agreement on the operation of the US bases in Greece.

The talks with Turkey have effectively been put on the back-burner by the Athens government, with progress now predicated on developments in Cyprus, where United Nations-sponsored peace talks begin on September 15.

Mr Papandreou's presence could, at best, be only one among a number of factors affecting relations with Turkey: if the Cyprus talks go well, then any Greek politician, including Mr Papandreou, will be able to handle the rapprochement with Ankara. And if the talks go badly, then no politician could handle the consequences of failure, be it Mr Papandreou or a replacement.

For the time being, the negotiations over US bases have ground to a halt over a Greek decision, made public at the beginning of August, to close down the US airbase at Hellenikon outside Athens.

Although Washington would like to conclude the negotiations before December, when the current agreement expires, talks could extend into the 17 month grace period allowed for withdrawal beyond that date.

In this area, the absence of Mr Papandreou could have a significant effect. Despite his attempts to mend fences with Washington in the last three years, the Prime Minister has always injected an element of uncertainty in relations with the Americans.

A conservative administration would follow a steadier pro-American ideological line. But it might feel obliged to impose tough terms on the US for keeping the bases, to deflect leftwing criticism.

These considerations aside, Mr Papandreou's illness has had one effect here on the margins of political life.

It has raised the issue of his alleged relationship with Ms Dimitra Liani, a former air hostess: she was photographed at his side in London, while his American wife Margaret has remained at home. In his television broadcast, Mr Papandreou attacked "sections of the press" for dwelling on his personal life.

But in any case, the political fallout from these reports is unlikely to be great in Greece, a relatively tolerant society.

Go-ahead for European superchip project

By Terry Dodsworth in Paris

PLANS for the launch of a new multi-billion dollar European semiconductor research and development initiative are likely to be unveiled over the next two months after a year of intensive discussion among the main potential partners.

Progress on the project, known as the Joint European Silicon Initiative (Jesi), was indicated yesterday by Mr Pasquale Pistorio, President of SGS-Thomson (ST), the joint company formed by SGS of Italy and Thomson semiconductors of France last year.

ST, he said, would be one of the three leading partners in the programme, alongside Siemens of West Germany and Philips of the Netherlands.

Mr Pistorio's statement will clean up lingering doubts about the formation of Jesi following heated disagreements last year about the participation of ST.

At that time, there were suggestions that the newly formed ST would not be invited to participate in the joint venture on the same basis as its main European competitors. But Mr Pistorio made it clear yesterday that ST, now the second largest European semiconductor company after Philips, had won the right to equal status in the key areas of Jesi's activity.

Jesi is being created with the aim of developing the basic technology for the superchips now being planned for the late 1990s, a field in which European companies lag well behind their Japanese and US competitors.

A further competitive challenge is also expected to come from the US Sematech project, a joint government-industry semiconductor research programme which will have funding of about $2bn.

Details of Jesi, which is likely to demand similar funding to Sematech, are still vague. But participants have said that it will be pan-European in scope, including many user and producer groups spread around the region, and that it may attract funding from the European Community as well as individual governments and companies. Initially it was not an European Community project, but Community officials have had talks with the proposed participants over the last few months.

Mr Pistorio, who was speaking in Paris yesterday only a year after the formation of ST, said that the company made a slight operating profit of about $500,000 in the second quarter of this year. In the year as a whole, ST is likely to make a net loss after restructuring costs, of about $50m.

Paris Club seeks accord on African debt

By Stephen Fidler, Euromarkets Correspondent, in London

THE Paris Club of official lenders from industrialised countries meets on Thursday in an attempt to overcome the remaining obstacles to a debt initiative to help the poorest African countries.

The initiative, which combines plans originally put forward by Mr Nigel Lawson, the UK Chancellor of the Exchequer, French President François Mitterrand and others, calls for debt concessions for those poor African states which are making efforts at economic adjustment with the help of the International Monetary Fund.

Western governments, rather than banks, are the largest lenders to many of these countries, and a total of $15bn of export credits is said to be affected, although the costs to the exchequers of the Western governments will be only a fraction of this figure.

The proposed formula would give creditor countries the choice of three types of concession. Britain, for example, favours reducing interest rates on loans, France the forgiving of certain debts, while the US has said the only concession it can offer is a stretching out of repayment periods.

The achievement of a consensus is said not be a foregone conclusion at this meeting, and agreement could be delayed until the IMF-World Bank annual meeting in West Berlin.

Objections to the proposals are still understood to exist from the German and Japanese, while pressure will be applied on the US to agree to a stretching out of maturities to 25 years. Twenty-year terms are the current limit, although officials with knowledge of the talks say that there is a proposal to reduce the maximum maturity to 14 years for countries not choosing the option of extending repayment periods.

Moscow urges business reform

Continued from Page 1

analysis in the Council of Ministers than has been the case in previous years. Both Gosplan and Gossnab, the state planning and supply organisations, have now been ordered to go away and redraft their proposals to take account of the criticism.

The difficulties in the debate nonetheless underline the problems in introducing economic reforms which are only half worked out. In particular, the introduction of self-financing while central state purchasing at fixed prices maintains a stranglehold on enterprises is proving to be a major stumbling block

Brzezinski to join Bush task force

Continued from Page 1

Mr Dukakis hit back yesterday in Philadelphia during the first of foreign policy speeches, having been thrown onto the defensive by efforts to present him as a liberal who lacks foreign policy expertise and innuendo from the Bush campaign impugning his patriotism.

Mr Dukakis sought to focus attention on economic strength as a component of national security which the Reagan Administration has neglected. Because of massive budget deficits, he said, the Reagan Administration "has yielded control of America's economic future to bankers in Tokyo and Bonn."

He accused Mr Bush of failing in the areas of trade, terrorism and drug policy.

Reviving the "Where was George?" line which Senator Edward Kennedy used so effectively to ridicule Mr Bush during the Democrat's Convention in Atlanta in July, Mr Dukakis said that Mr George Shultz, the US Secretary of State, sought to prevent President Reagan from trading arms for hostages with Iran.

Mr Bush claims to have been "out of the loop," Mr Dukakis said. "The fact is he was fully briefed...and he was disastrously and completely and unforgivably wrong."

Mr Bush's experienced team of campaign advisers have succeeded recently to dominate the television news, setting the campaign agenda and snuffing out potential embarrassments quickly.

Another example of the Bush team's quick response to trouble came on Sunday evening following e report in the Washington Post that morning about Mr Fred Malek, the man Mr Bush appointed to manage the Republican Convention and appointed Deputy Chairman of the Republican Party.

It reported that at President Nixon's request in 1971, Mr Malek compiled a list of Jewish senior officials in the Labour Department.

UK postal workers vote on whether to end strike

By Charles Leadbeater, Labour Correspondent

BRITAIN'S striking postal workers will today start voting on whether to end the country's first national postal strike for 17 years, after Union of Communication Workers' leaders yesterday unanimously recommended a deal to settle the dispute.

The strike, which has created a backlog of about 150m undelivered letters, was sparked off by the payment of special supplements to workers in the south-east of England, where the Post Office has found recruitment difficult. The union argued that the payments undermined nationally agreed wage structures.

Mr Alan Tuffin, the UCW's general secretary, said he expected most if not all the more than 100,000 staff on strike to return to work by Thursday, following branch meetings over the next 24 hours. The union has recommended branches start urgent negotiations with local managers over arrangements for a return to work.

Mr Tuffin said he was confident that the deal, which the union's 35-strong executive council endorsed after a 4½ hour meeting, would be accepted even by militant branches in Liverpool, London and Manchester. About 40,000 postal staff, mainly at smaller sorting offices, have worked throughout the dispute.

Sir Bryan Nicholson, the Post Office's chairman and chief executive, in a letter to Mr Tuffin, warned that the 12 day strike had affected the corporation's competitive position. The parcels business in particular faced major threats of loss of contracts, he said.

Sir Bryan said it was essential that there was an orderly return to work to repair the damage done to customer confidence in the corporation.

It is expected the first postal deliveries will be made the day after staff return to work. Initially the Post Office plans to make only one delivery a day. Postal services are expected to return to normal after about two weeks.

Both sides argued the agreement contained significant concessions from the other.

Mr Tuffin, said the deal was a "success if not a victory for the union." Mr Bill Cockburn, the Royal Mail's managing director, said the agreement was good for the corporation because it allowed it to deal with the issue at the core of the dispute, the difficulties it faces in recruiting and retaining staff in the south-east of England.

The agreement, which was drawn up after more than a week of talks between small negotiating teams, covers two main areas. The Post Office's decision to pay special recruitment supplements in the south-east, and arrangements to clear the backlog of mail.

The Post Office will continue to pay special pay supplements to recruits at selected offices in the south-east which have been hit by high staff turnover.

However, the Post Office has agreed that these supplements will be replaced, once an alternative system has been drawn up by negotiations which are expected to begin within the next week.

The Post Office said the union's agreement that the special supplements should continue to be paid was a significant concession.

But Mr Tuffin said the key point was that the corporation had agreed that the negotiations to draw up an alternative should start with a blank sheet. He said any alternative would be within "national rates of pay."

The second part of the agreement covers arrangements to allow an orderly return to work to clear the backlog of mail. The strike escalated over the last 10 days, through a series of local disputes over arrangements to clear the backlog.

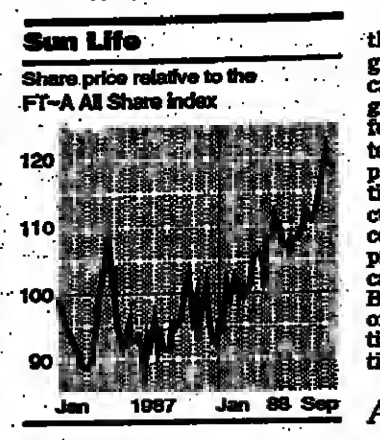
THE LEX COLUMN

French windows open for the Sun

Anyone who would like to buy Sun Life had better hurry up. Never mind 1992 and profits to be made from selling insurance to financially naïve Continentals, the immediate consequence of yesterday's long-awaited move into Europe is that it will make Sun Life considerably harder to bid for. The initial 60p fall in the share price yesterday showed what the arbs think of friendly UAP as a near 20 per cent shareholder; the subsequent recovery was as they realised that the game is not yet over.

In the next couple of weeks the two big shareholders opposed to the deal must decide whether to put up or shut up; and for Transatlantic – which has had seven years in which to bid – the latter seems more likely. Groupe AG can have little interest in retaining its stake in a company now linked with its chief rival, and unless it wishes to bid must be anxious to identify someone who does. For both shareholders this might be the most satisfactory outcome; the difficulty will be finding a company willing to back all the talk about about pan-European insurance markets with a ready £1bn to spend.

The implications of the joint venture itself are more obscure, and more distant. In the long term it must make sense for Sun to venture beyond the UK, where the industry is overcrowded and margins tightening, to greener markets in Europe. Moreover the power of UAP makes it a suitable travelling companion, and the terms of the share swap seem fair. However, the project will not start generating much money for five years or so, and in the meantime shareholders can expect some dilution as well as lower quality of earnings supplied by UAP. Shareholders are in for almost as nerve racking a fortnight as Sun Life itself. If a bid materialises, the shares are probably worth £2.50 more than yesterday's price, if not, they may be worth £1 less.



Maxwell/Macmillan

Mr Maxwell may soldier on, but it seems increasingly likely that Macmillan is beyond his reach. He could perhaps afford to top the latest offer of $85 per share, but given the formidable backing of Kohlberg Kravis, the buyout team could probably dig deeper as well. In any case, the central issue is not one of price, but of agreement; the management have made it clear that they will walk out if the buyout is topped by Mr Maxwell or anyone else, and it seems futile to seek to tie them down through the courts.

It may be that Mr Maxwell still hopes to negotiate for parts of Macmillan; and indeed, given the involvement of Kohlberg Kravis, some kind of break-up could well be on the cards. But he may have misjudged in making his pitch for the information part of the business rather than the publishing division, since that seems to be the bit which the management want to retain as well.

If Mr Maxwell does indeed depart empty handed, he will have the more reason to regret publishing his grand plan for vastly increased sales by 1990. If he is not to miss his target signominiously, he risks being seen as a forced buyer in future acquisition plans. Using Maxwell paper is now presumably out of the question, if only because the 10 per cent yield makes it too expensive to issue. It has yet to be seriously suggested that Mr Maxwell should take himself private again, but the temptation must surely be there.

Dalgety

Dalgety's new shape may not be quite as crisply defined as its management claims, but the outlines are discernible. Leaving Gill & Duffus aside as belonging to an earlier epoch, the aim is to find growing markets in fresh or manufactured food, establish a dominant position, and add as much value to the products as possible. The claim to have first or second market position in 90 per cent of the group's business is a striking one, and the above-average market growth in pet foods and snacks has pushed the proportion of trading profit from manufactured food to nearly 50 per cent.

But though this should serve the aim of smooth earnings growth, rather than the cyclical swings of the old days, the growth is slow in coming. The full year figures reported yesterday were held back by disposals and currency translation, but in the context of the current results season an 8 per cent rise in full year pre-tax profits and earnings per share can only be described as dull. But with bid flurries now out of the way, Dalgety's attractions lie mainly in a prospective yield of over 7 per cent.

Allied Irish Banks

There are not many banks around the world that have a bigger appetite for equity capital than the UK clearers, but the Irish banks are an exception. The Bank of Ireland has had three rights issues in four years, and yesterday Allied Irish Banks launched its second rights issue in two years in order to pay for the rest of First Maryland Bancorp. With an eye on some of Allied Irish's previous diversification moves – most notably the ill-fated investment in the Insurance Corporation of Ireland – shareholders would probably have been better served if the bank had decided to cash in its handsome profit on what must be one of the most successful foreign investments in the US banking industry.

However, in a stock market where domestic financial institutions are forced by exchange controls to reinvest the bulk of their cash flow at home, it is easy to make a convincing case why Allied Irish is correct in more than tripling its investment in one of the world's most competitive banking markets. An average price of 1.3 times book value looks cheap, by comparison with the 2.2 times Bank of Ireland paid for First NH Banks, and with over half its balance sheet located outside of Ireland, the debilitating impact of any future bank levies should be greatly reduced.

Nevertheless, a substantial part of the rights issue will go towards repairing the impact of goodwill on the group's capital ratios, and the record to date suggests that shareholders in US regional banks that have been taken over have done far better than shareholders in the survivors. All of this helps explains why the big two Irish banks have significantly underperformed the local stockmarket this year and deserve to yield close to twice the average.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	24	75	Malta	F	27	81	Rhodes	S	26	79
Algiers	S	30	86	Edinburgh	C	13	55	Manchester	F	13	55	Rio de J'o	F	39	102
Amsterdam	R	18	64	Faro	S	29	84	Manila	C	33	91	Rome	S	29	84
Athens	C	30	86	Florence	C	21	70	Melbourne	R	10	50	Salzburg	C	17	63
Bahrain	C	36	97	Frankfurt	C	22	72	Mexico City	C	26	79	San Francisco	F	25	77
Bangkok	R	32	90	Funchal	F	32	90	Miami	C	29	84	Seoul	C	26	79
Barcelona	F	26	79	Geneva	F	23	73	Milan	S	25	77	Singapore	R	27	81
Beirut	F	30	86	Gibraltar	F	23	73	Montreal	C	19	66	Stockholm	F	14	57
Belfast	R	15	59	Glasgow	S	14	57	Moscow	C	14	57	Strasbourg	C	20	68
Belgrade	S	27	81	Guernsey	C	16	61	Munich	C	16	61	Sydney	F	21	70
Berlin	C	20	68	Helsinki	C	16	61	Nairobi	F	25	77	Taipei	F	31	88
Biarritz	C	21	70	H. Kong	F	32	90	Naples	F	26	79	Tangier	S	31	88
Bombay	F	30	86	Innsbruck	F	19	66	Nassau	F	32	90	Tel Aviv	C	22	72
Bordeaux	C	22	72	Inverness	F	12	54	New Delhi	F	29	84	Tenerife	S	26	79
Brussels	F	16	61	Islamabad	F	36	97	New York	C	22	72	Tokyo	C	28	82
Budapest	F	23	73	Istanbul	F	25	77	Nice	F	24	75	Toronto	C	21	70
B. Aires	F	21	70	Jakarta	C	34	93	Nicosia	F	36	97	Tunis	F	32	90
Cairo	F	32	90	Jersey	D	14	57	Oporto	S	26	79	Valencia	F	26	79
Cape Town	F	15	59	Jo'burg	F	24	75	Oslo	F	15	59	Venice	F	25	77
Caracas	R	26	79	Lima	C	19	66	Paris	C	21	70	Vienna	S	22	72
Casablanca	S	37	99	Lisbon	C	30	86	Peking	S	30	86	Warsaw	C	22	72
Chicago	C	30	86	London	C	17	63	Prague	F	14	57	Washington	-	-	-
Cologne	C	17	63	Los Angeles	C	24	75	Reykjavik	S	7	45	Zurich	C	20	68
Copenhagen	C	14	57	Luxembourg	F	15	59								
Corfu	S	27	81	Madrid	F	34	93								
Dallas	-	-	-	Majorca	S	29	84								
Dublin	S	14	57	Malaga	S	27	81								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Drop in crude drags down gold price

Continued from Page 1

downward trend with cargoes for November delivery quoted at $13.75 by midday, 30 cents below Friday's closing price.

Expectations that oil prices would remain weak and might fall further encouraged gold market traders to believe that inflationary pressures were easing. Gold pricas were marked down sharply to $416.60 in early trading and ended the day at $419.75 in London.

Mr Robert Weinberg, metals analyst for James Capel, the London broker, said oil prices weakness had been the immediate cause of gold's fall although belief that the US dollar was firmer after a long decline was the main reason.

Mr Mehdi Varzi, oil analyst for Kleinwort Grieveson, said that in August Saudi Arabia was producing about 350,000 barrels a day (b/d) over the 4.35m b/d quota it agreed with Organisation of Petroleum Exporting Countries members.

The United Arab Emirates is thought to be producing about 1.65m b/d, or almost double its quota while Kuwait is also well over its quota level at around 1.5m to 1.6m b/d.

Mr Varzi believes Saudi Arabia and its allies may be trying to put pressure on other Opec members, particularly Iraq, in advance of the next full meeting of the cartel planned for November 21.

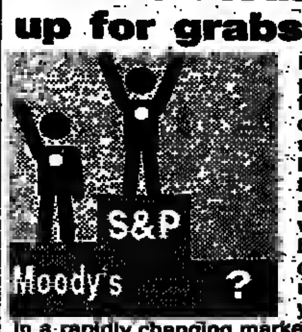
According to the Middle East Economic Survey yesterday, Saudi Arabia has opposed any ministerial gathering before then. This would reduce the chance that Opec's price monitoring committee would meet this month.

Gold and oil markets, Page 42

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday September 13 1988

INSIDE

Bronze medal up for grabs



First and second place in the race for the European credit ratings business have already been awarded. But there is much uncertainty over who will win the bronze medal as competitors face an uphill struggle and years of uncertainty in a rapidly changing market. Stephen Fidler looks at the contestants and their prospects for finding a place on the ratings winners' rostrum. Page 28

French bank on more change

The French Socialist government will make another significant change at the top of one of the country's most important state-controlled financial institutions tomorrow with the appointment of Mr Jean-Yves Haberer, the former head of the Paribas banking group, to the chairmanship of Crédit Lyonnais. Although the government is at pains to stress there is no witch hunt, the latest move has caused some unease in the executive suites of the country's main state enterprises. Page 26

Norway market chills

Unable to recover the lofty pre-October crash heights, the Oslo stock market is plagued by a lack of long-term shareholder commitment, competition from high yielding bonds and a sore lack of liquidity. A weak oil price doesn't help either. Jealous Norwegian eyes are cast eastwards at its Swedish neighbour, where such worries appear a thing of the past. Karen Fossli reports from Oslo. Page 46

Australian unease over wheat

Australia is to phase out credit sales of wheat to Egypt because of concern over its A$1bn ($800m) exposure to the Egyptian market. Australia is concerned at Egypt's ability to continue servicing its debts, even to high-priority creditors such as grain-suppliers. Egypt imports some 75 per cent of its wheat. Page 42

Dalgety profits from the core

Dalgety, the UK food, agribusiness and commodity group, saw pre-tax profits rise 8 per cent to £99.6m ($169m) in a year that included non-core disposals of £26m. Mr Terry Pryce, chief executive, (left) said this was a good result in a period of transition for the company. Page 30

Armtek agrees to takeover

US automotive components group Armtek has agreed to a $450m takeover offer only months after selling its Armstrong tyre subsidiary to Pirelli, the Italian tyre maker. The Connecticut-based company approved a $46 per share offer from Mark IV Industries, an acquisitive holding company, which had originally offered $40 a share. Page 24

Market Statistics

Companies in this section

Chief price changes yesterday

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UAP and Sun Life link with shareholdings exchange

By George Graham in Paris and Richard Waters in London

UNION des Assurances de Paris (UAP), the largest French insurance company, and Sun Life Assurance of the UK yesterday announced that they had agreed to exchange shareholdings and co-operate on their future international development.

The state-owned French group will immediately take a stake of around 18 per cent in Sun Life through its subsidiary UAP International, for around FFr1.6bn ($256m). Sun Life will pay approximately the same amount for an issue of bonds convertible in 1993 into a 15 per cent stake in UAP International.

The agreement is UAP's second major international deal in the past 18 months, following the acquisition in April 1987 of a 31.1 per cent stake in Royale Belge, the largest Belgian insurance group, for an estimated FFr2.5bn.

Sun Life, which is one of the leading companies in the UK life sector but which has until now been almost wholly tied to its home market, will gain outlets in continental Europe and will also win a powerful ally in its struggle to shake off the South African insurance group Liberty Life, which indirectly owns 26 per cent through its controlling stake in TransAtlantic.

The deal marks the first step in Sun Life's plan to develop trading links with insurance companies in Europe, the US and the Far East, although Mr Peter Grant, the chairman, said that talks about a similar deal with Equitable Life in the US had been suspended because a preliminary discussion had revealed that there was "a considerable amount of work to do" before agreement could be reached. Sun Life has no discussions under way with other insurers, he said.

Although the UAP deal, if approved at an emergency general meeting on September 29, would reduce TransAtlantic's holding in Sun Life to around 22 per cent, both Mr Grant and Mr Donald Gordon, chairman of Liberty Life, said that the minority stake would still give considerable power.

Speaking from his London office yesterday afternoon, Mr Gordon said: "Even if we went down to 22 per cent, we could easily get back to our 26 by taking up shares in the rights issue. . . . The effective negative control is still there. They cannot pass a special resolution."

Mr Gordon said that Belgian insurance group Assurances Generales, which owns over 5 per cent of Sun Life, had approached him with a view to buying his stake in the British company but that he did not intend to sell.

UAP, because of its nationalised status, cannot issue its own shares directly to Sun Life but is obliged to pass through its subsidiary UAP International, which groups all its overseas operations, including the Royale stake, as well as its reinsurance activities.

New lease of life from entente cordiale

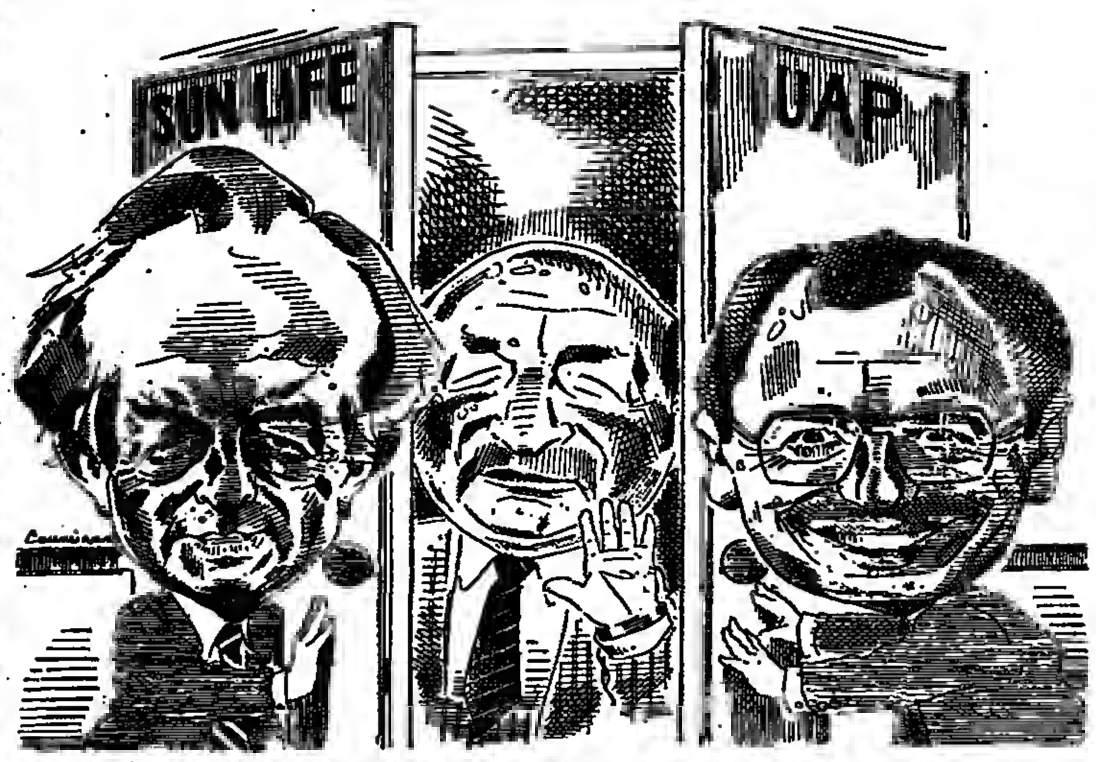
George Graham explains how Sun and UAP will benefit from their cross-border tie-up

UNION des Assurances de Paris (UAP), the leading French atate-owned insurance company, succeeded yesterday where the private sector Groupe Victoire failed only a month ago.

Unlike Victoire, which was unable to reach an agreement with Royal Insurance, UAP has completed its negotiations for a tie-up with Sun Life, the UK life insurer. The two gronps will exchange shareholdings and plan to co-operate on their international development.

For UAP, whose first major expansion outside France was last year's acquisition of 30 per cent of Royale Belge, the leading Belgian insurance group, Sun Life represents a substantial foothold in the UK, probably the most developed market in the European Community as far as life assurance is concerned. UAP also has subsidiaries in most other EC countries.

As regards Sun Life, the deal offers a way into Europe for a company which has been almost completely restricted to the UK. It may also shnt the door on Mr Donald Gordon and his South African Liberty Life group, which through its subsidiary, TransAtlantic, holds 26 per cent of Sun Life and has long been seeking a greater say in its affairs.



For Peter Grant of Sun Life his link with UAP's Jean Peyrelevade could help shut out Liberty Life, headed by Donald Gordon

For French insurance groups, it was Compagnie du Midi, the French private sector group headed by Mr Bernard Pagezy, which showed the way across the Channel last year with the costly £448m ($760m) purchase of the UK life company Equity and Law. Like UAP yesterday, Midi emphasised that it wanted to learn from its British associate's expertise in the life sector.

The French buy only just over half as much life assurance per capita as the British, and the sector has been a primary goal for France's insurance groups in recent years. It has also, however, received heavy attention from banks, selling life products at marginal cost through their branch networks.

In addition, the French insurance sector has developed in recent months a more pressing preoccupation: the desire to grow in order to be able to face with equanimity the opening of the internal European market in services.

Once again, it was Midi which showed the way by merging earlier this year with Mr Claude Bebear's AXA group of mutual and quoted insurance companies, creating France's second largest insurance conglomerate.

Now, even larger regroupings are being discussed at the Paris finance ministry. Besides a merger of Assurances Generales de France (AGF) and Groupe des Assurances Nationales (GAN), the second and third largest nationalised insurers, a plan has been mooted for combining UAP with Banque Nationale de Paris (BNP), the largest French state bank, in a sort of financial supermarket.

The AGF-GAN project now appears to be losing headway. Although initially welcomed at AGF, the suggestion was coolly received at GAN, which has been building its own network of alliances, both with other insurers abroad – including a recent agreement with SAI of Italy – and in France with the CIC bank network.

The UAP-BNP plan was enthusiastically promoted by Mr Jean Dromer, chairman of UAP until he was sacked two months ago by the new Socialist government. His successor, Mr Jean Peyrelevade, has taken up Mr Dromer's project for the link with Sun Life, but appears less wholehearted about a merger with BNP.

"We have to resolve the question of our relationship with the banks and their branch networks. Should we treat the banks as our competitors and engage in all-out battle, or should we seek alliances? And if we seek alliances, should they be structural or something looser, sector by sector or opportunity by opportunity?" Mr Peyrelevade said yesterday.

Mr Pagezy and Mr Bebear were never wholly convincing in their explanations of the need to reach a "critical mass" in the insurance business. Only a few months before flying into Mr Bebear's arms, Mr Pagezy had atated firmly that there was no economy of scale in the insurance sector once yon have reached FFr3bn to FFr4bn ($638m) of premium income. He warned of the difficulties of merging two groups – a sentiment shared by many in the state insurance gronps, who still frequently harp back to 1968, when nine nationalised insurers were regrouped into UAP, AGF and GAN.

"You have everything in duplicate and you are obliged to sacrifice one person in two. It demotivates a company for a long time," Mr Pagezy commented before his recent conversion, which was clearly prompted by his desire to escape the attentions of an unwelcome shareholder, Generali, the Italian insurance group.

The same motive applies to the UAP link witb Sun Life. Although UAP, which is no longer scheduled to be privatised, appears to be safe from hostile bidders, Sun Life has for years been seeking to evade tbe embrace of Mr Gordon and Liberty Life.

But Liberty Life was not the only cloud on Sun Life's horizon. Over the snmmer, Assurances Generales (AG), the second largest Belgian insurer and rival of UAP's principal foreign holding, Royale Belge, acquired shares in the UK company, and now bolds over 5 per cent.

"I believe tbey wonld like an agreement witb us, or ratber they would like us to have an agreement with them instead of with UAP, but AG could not offer ns the same thing at all," said Mr Grant.

Although Mr Gordon last year blocked Sun Life's attempt to create a new holding company structure, which required the vote of a qualified majority of sharebolders, the capital increase needed to complete the UAP deal needs only a straightforward majority. Sun Life's chairman is confident the motion will be carried.

It remains to be seen what form UAP's co-operation with Sun Life will take. Mr Peyrelevade admitted yesterday that the idea of "shareholder of reference" tends to have less force in London than on the Continent, but said that the two groups would treat each other as the first choice of partner for developments on their domestic markets and in Europe.

Nothing concrete appears to have been discussed yet, but the two groups indicated that joint ventures in southern Europe could come top of the list.

"If you hear of any insurance companies in Spain or Italy which want a strong shareholder, let us know," Mr Peyrelevade quipped.

Allied Irish moves for full control of First Maryland

By David Lascelles, Banking Editor in London

ALLIED Irish Banks is offering to buy full control of First Maryland, its US banking affiliate, and will make a rights issue to raise £IR110m ($160m).

Allied owns 49.7 per cent of First Maryland, which it acquired in 1983 for $150m. The move to 100 per cent will cost $340m.

The offer at $35.25 a share is being considered by First Maryland's board. The acquisition will be financed out of readily available foreign currency.

Mr Niall Crowley, Allied's chairman, said yesterday that his bank bad concluded tbat the long-term interests of botb banks, as tbey face the challenges of rapidly developing financial markets in Europe and the US, would best be served by combining their resources.

Last year, Allied delayed exercising its right to increase its shareholding in First Maryland in order to protect the US bank's ability to form strategic alliances witb local banks across state lines.

However, Allied now believes full ownership would bring the greatest benefits.

Allied's investment in First Maryland, based outside Washington DC, is widely viewed as one of tbe more successful ventures into the US market by a European bank. Since then, Bank of Ireland, Allied's main competitor, has also bought a bank in the eastern US.

Allied's rights issue will be on a two-for-seven basis at IR180p, representing a discount of 41 per cent to the market price at the close last week.

If the First Maryland deal does not go through, Allied will use the proceeds to develop its business in other ways.

In connection with the issue, Allied forecast yesterday that it would earn at least £IR70m in the six months ending September 30, an increase of at least 21.5 per cent on the comparable figure for last year, before tax and exceptional provisions for Third World debts.

Tbe board also expects to declare an interim dividend of IR5.75p, up from IR5.25p, for which the new shares will not qualify.

It forecasts a final dividend of IR7p, which represents a increase of about 10 per cent once the bonus element of the rights issue is taken into account.

The board of First Maryland said it had appointed a special committee to "examine the offer carefully and expeditiously." First Maryland shares rose $5½ to $33¼ when trading opened.

Lex, Page 22

Tie-break call in Donnay match

By Tim Dickson in Brussels

DONNAY, Belgium's bankrupt tennis racket maker, was last night the subject of an unexpectedly drawn-out legal "tie-break" after a further shifting of alliances between the parties bidding for the sports group.

A local tribunal in the southern Belgian town of Dinant – called to examine the actions of the company's receivers – yesterday heard submissions from at least five rival groups but gave no indication of which bid it is likely to favour.

The court will meet again this morning but, according to one well-placed observer, there is no guarantee that the battle will be decided today.

Yesterday was marked by the collapse of a short-lived agreement late last week between Mr Bernard Tapie, the French entrepreneur and would be Socialist politician, and his fellow countryman and financier Mr Jean Jacques Frey.

Mr Frey's original plans to rescue the company (independent of Mr Tapie) were surprisingly chosen by the Donnay receivers last Wednesday.

The possibility of Mr Frey reviving his original Franco-Belgian partnership was ruled out on Sunday night when his Belgian associate, Mr Patrick De Puydt, confirmed that he was no longer part of the Frenchman's consortium.

Mr De Puydt re-emerged in a new grouping led by Mr Tapie and supported by Mr Tapie's original partners, the Walloon Regional Government and Belgian businessman Mr Albert Frere.

A spokesman for the Walloon Regional Government confirmed last night that this consortium had re-submitted its revised project of last week involving an offer of BF200m ($5.17m) and the promise to maintain 200 of the company's 350 jobs at its Couvin headquarters.

Other projects were submitted in court by Taiwanese, Dntch, and Italian companies.

Donnay, which shot to fame in the late 1970s on the back of contracts with the Swedish tennis star Bjorn Borg, was declared bankrupt on August 19 with net liabilities of BF1.4bn.

Côte d'Or to invest BFr3bn

By Tim Dickson in Brussels

JACOBS Suchard, the big Swiss confectionery group, and Côte d'Or, its 66 per cent owned subsidiary, yesterday spelt ont a series of measures aimed at preparing their Belgian operations for the competitive challenge of a single European market.

The bitter/sweet package – involving new investment of more than BFr3bn ($77.4m) over the next two years and a 13 per cent cut in the workforce of more than 2,000 people – is aimed at expanding the group's export volumes by 50 per cent between now and 1992 and "significantly" increasing its 36 per cent share of the Benelux market.

Jacobs Suchard/Côte d'Or – formed last year when Suchard acquired a majority stake in the world famous Belgian group known affectionately for its elephant logo – is comfortably the dominant chocolate maker in Belgium. However, according to Mr Baudouin Michiels, the president, it faces formidable competition on a European scale.

At yesterday's press conference he showed a list of the 15-20 independent Belgian chocolate businesses that existed in 1950 (among them Victoria and Meurisse) and explained how most had either disappeared or been swallowed up by larger competitors.

The announcement of the new plans, which Mr Michiels insisted were "more than just a defensive project," may be remembered by many as marking the start of the gronp's "progressive disengagement" from its famous industrial site near the Gare du Midi in Brussels.

The company said that the city centre factory could not be properly rationalised and that a large part of its bars and tablet production was to be moved to the company's bigger premises at Halle just outside the city.

Modernising this facility will account for about a third of the total new investment with most of the rest earmarked for concentrating "industrial" chocolate making at tbe Jacobs Suchard plant at Wieze. The group said that the strategic changes would result in the loss of 264 jobs between now and 1990 bnt this blow was being softened by an accompanying "social action" programme.

The Jacobs Suchard/Côte d'Or operation in Belgium enjoyed a 75 to 80 per cent increase in operating profits last year thanks to the fall in the cocoa price, less competition and increased consumption.

Armtek agrees takeover after Mark IV lifts offer

By Roderick Oram in New York

ARMTEK, the US automotive components group, has agreed to a $450m takeover offer only months after selling its Armstrong tyre subsidiary to Pirelli, the Italian tyre maker.

The Connecticut-based company approved a $46 a share offer from Mark IV Industries, a highly acquisitive Buffalo, New York, holding company, which had initially bid $40.

Armtek's shares slipped $⅝ to $45⅝ in early trading yesterday.

The sale in May of Armtek's tyre operations for $197m was part of a wave of foreign takeovers and consolidations in the US industry.

Most notably, Bridgestone of Japan edged out Pirelli to buy Firestone. Seeking a consolidation, Pirelli revived with Armstrong takeover talks which had foundered last autumn.

Following the spin-off, Armtek was left with three businesses generating about $850m a year in revenues but offering faster growth rates and higher margins than tyre making. Blackstone prodnces car and truck engine cooling systems and Dayco Products makes automotive and industrial belts, hoses and couplings.

A third company makes specialty polymers and synthetic rubbers.

Blackstone's European operations, based in Sweden, supply cooling systems to leading car makers such as BMW, Fiat and Renault. At home, it recently won a $350m, five-year order from Chrysler.

Mark IV, which has boosted annual sales from $29m to $403m in the past 10 years, produces products ranging from professional audio and information equipment to aerospace and defence goods.

Although analysts generally favoured the takeover of Armtek, they were concerned about the resulting extra debt load of Mark IV, which is already heavily indebted. Both companies share a management philosophy of giving subsidiaries a high degree of autonomy.

Apple to raise prices sharply

By Louise Kehoe in San Francisco

THE SHORTAGE of dynamic random access memory (Dram) chips has forced Apple Computer to raise significantly prices for some of its most popular personal computer models and add-on computer equipment.

The move follows price rises by other personal computer manufacturers, all of which are facing a serious shortage of the critical memory chip components.

Industry analysts predict the price increases could slow growth in the PC market, which is growing at an annual rate in excess of 30 per cent.

Mr Charles M. Boesenberg, Apple US senior vice-president of sales and marketing, said: "To continna fulfilling the increasingly high demand for our products, we are required to pursue more costly channels for dynamic random access memory acquisition, thereby increasing the component costs of our products."

Apple is believed to have been forced to turn to the spot market for Drams, where prices are between two and three times higher than those for Drams sold under long-term contracts.

The new prices are effective immediately and represent some of the steepest increases in the personal computer industry to date.

Apple has increased the price of its Macintosh SE from $2,769 to $3,169. The price of the high performance Macintosh II, which incorporates more memory chips, has risen from $3,769 to $4,869 and the Apple IIGS increases by $150 to sell at $1,149.

The Apple IIE and the Macintosh Plus are unaffected by the price changes.

ES2 forecasts further surge in turnover

By Alan Cane

EUROPEAN Silicon Structures (ES2), a pan-European semiconductor design and fabrication company started two years ago with $113m of equity funding and grants, has recorded a meteoric rise in a global league table for specialised chip production.

According to 1987 figures from Dataquest, the US marketing consultancy, VLSI Technology of the US heads the table with revenues of $15m, Austria's Mikro Systeme comes second with $13m, and Rifa, another European company, is third with $9m. ES2 is fourth with revenues of $6m.

ES2 is involved in the quick but low-cost production of specialised semiconductors in small numbers. It uses computer-aided design methods and an advanced method of manufacturing chips, which involves writing directly on silicon wafers with a high-powered electron-beam machine.

Traditionally, low costs in semiconductor manufacturing have been associated with long production runs of standard chips. ES2's methods enable its customers' own electronics engineers to design advanced semiconductors.

Mr Robin Saxby, ES2 director for Northern Europe, said in London yesterday that he expected the company's 1987 turnover to double in 1988. It was still on target to become profitable in the fourth quarter of 1989 or the first quarter of 1990.

He was speaking at the launch of ES2 chip design software which can be run on a conventional personal computer. Mr Saxby expects the company to create and build about 360 chip designs this year, compared with 117 last year and four in 1986, its start up year.

Recovery at Fluor on course after strong gains

By Max Wilkinson, Resources Editor

FLUOR Corporation, the diversified US engineeering and construction company, continued its recovery in the third quarter, posting net profits of $13.4m on revenues of $1.34bn against a loss of $27.9m on revenues of $909.2m a year earlier.

The latest figures show that net profit for the first nine months of the 1988 financial year were $32.8m, compared with a loss of $118.9m in the same period last year.

The improvement follows a big restructuring last year in which the company consolidated its natural resources assets, selling some and using the cash to reduce debts.

In London yesterday, Mr David Tappan, chairman and chief executive officer, said the restructuring was complete.

He said the improved performance reflected better results from the engineeering and construction division, which is easily the largest, and from coal mining and lead production.

Mr Tappan said an effort was now needed to rebuild the company's operations outside the US, particularly in Europe following a sharp fall in European revenues last year.

He added that with a fast-growing order book and improved profitability, the group was confident it would succeed in raising profits to about the $160m reached in 1981. The focus of the company would be on the wider capabilities of the engineering and construction services.

"Previously, we were only in a position to compete for about 10 per cent of the work available in the sector. Now we have the capability of competing for about 100 per cent, though not the resources to do so. It will be a question of finding the right opportunities."

The company said yesterday that it had won new engineering and construction contracts worth $1.5bn in the third quarter, more than twice the amount in the same period a year ago.

Projects outside the US accounted for 23 per cent of total awards.

Panama profits from adversity

Tim Coone reports on an unlikely source of economic salvation

POLITICIANS and economists alike are mystified by Panama's ability to survive – and even stage a slight recovery – in spite of bank closures, a haemorrhage of offshore funds and a drop of 50 per cent in government revenues.

The paradoxical conclusion, however, seems to be that the very closure of the banks has been the economy's salvation.

Panama's political crisis began in June last year. But the economy took its first deep plunge in March following the clash between General Antonio Noriega and President Arturo Delvalle, which resulted in the dismissal of the latter.

US economic sanctions followed, and $50m in Panamanian government assets held by the National Bank of Panama (BNP) in the US were frozen.

This immediately produced a run on the 115 banks in Panama's hitherto booming financial centre, as the BNP was the main clearing bank for the entire banking system.

To avert disaster, the banks and the Banking Commission quickly agreed to close the centre and freeze deposits until means could be found to stabilise the system and ease the liquidity crisis. Tha closure lasted 66 days, during which time US dollar notes – the money of circulation – almost disappeared from the economy.

Latest Banking Commission figures show the freeze succeeded in retaining 70 per cent of local deposits in the system, but offshore deposits vanished.

Between January and the end of March this year, total deposits in Panama's financial centre shrunk from $32.9bn to $13.7bn, while offshore deposits plummeted from $28.4bn to $10.5bn.

Seventy five per cent of the offshore funds were interbank deposits, which in turn were loaned to companies and governments in Latin America. The loans were booked through Panama because of its low taxes on offshore operations, making it one of Latin America's principal financial centres.

Some of the leading foreign banks explain the transfer of funds as a precautionary move in case of a renewed freeze on new deposits.

The international licence banks were unaffected by the freeze; while the general licence banks, which can engage in local banking operations, were given the option to manage their offshore funds under an international licence. This move restored some confidence.

MR Edgardo Lasso Valdez, president of Panama's Banking Association, is optimistic the funds will return as confidence grows, because "not one of the banking laws or regulations has been changed." Few foreign banks have taken the decision to pull out of Panama.

Mr Lasso adds: "We are trying to get the system and the economy moving again, even if there is no immediate political solution to the crisis."

Unlike last March and April, when the banks were shut and most of the shops in the commercial centre of Panama were boarded np, commercial life has once again taken on a semblance of normality. Cash, rather than government pay cheques, is returning as the medium of exchange.

The freeze continues, however, on the remaining $11.6bn of time deposits in the banking system.

Withdrawals on savings accounts, which total $500m, are restricted to a maximum of 5 per cent per month with an upper limit of $50, while 50 per cent of current accounts, totalling $1.27bn, remain blocked.

Some of the frozen funds can be moved to make payments to the central government and public utilities. A secondary market has even started up in which frozen deposits are traded for cash at a discount.

Companies which have large cash turnovers have been able to feed this market and have played a key role in restoring liquidity to the system.

Ironically, it has been the US presence in Panama which has helped undermine its own sanctions.

The US troops based there spend about $20m a month in the local economy, while the Panama Canal has provided a similar flow due to wages paid to its workforce and goods and services bought locally.

When, in mid-April, banks started taking deposits again, managers found that large amounts of cash were immediately deposited as a result of these accumulated funds in retail outlets. When the banks were reopened again on May 9, surplus cash was suddenly the problem, not a cash shortage.

Most banks now hold higher cash reserves than before the crisis, and surpluses are deposited with parent branches in the US or Europe. An informal clearing system has also been worked out between the banks, until BNP is able to resume this role.

Bankers in Panama are convinced that the freeze saved the financial centre and that continued restrictions will be necessary for some time.

Mr. Lasso says: "We need time to find a political solution."

THE longer that takes the more serious will be the effect on the rest of the economy, because of the almost total unavailability of fresh credit.

Private-sector activity has been reduced by 50 per cent and there are few prospects of a prompt recovery if bank credits cannot be renewed.

Short-term trade credits of one to three months are beginning to move again – helping commerce through the Free Trade Zone at Colon – but longer-term credit, especially for the construction industry, is paralysed. Similar problems face agriculture and industry.

Mr Lasso believes construction is a key area. "We have been looking at ways to re-activate the sector with fresh foreign finance. If we can get construction moving, we can get the entire economy moving again."

Other specialists are sceptical.

One economist at the Banking Commission says: "If the economy continues to be depressed, no one will have the money to buy new homes or invest in new construction."

Similar doubts hang over the offshore banking centre.

Software fault set to cost American Air $50m sales

AMERICAN Airlines, the second largest domestic US carrier, may have lost as much as $50m in second-quarter ticket revenues because of a computer software problem in its passenger reservation system, Reuter reports.

The problem, which has been corrected, was discovered when a review of second-quarter performance revealed lower than expected load factors.

The airline said its Sabre reservation system indicated that aircraft had sold out of discount fares when such seats were, in fact, still available.

Certain classes of discount fares were prematurely closed and passengers requesting those fares referred to other airlines. "We gave that business away," an airline official said.

AMR, the airline's parent company, has reported near record second-quarter profits of $141.4m or $2.36 a share against $92.3m or $1.51 a year earlier. Revenues at $2.16bn were up sharply from $1.83bn.

Stephens acquires stake in French banking group

By Our New York Staff

STEPHENS, one of the largest capitalised US investment bankers outside Wall Street, has paid $44m for a small stake in Compagnie Financière de Suez, parent of Banque Indosuez, the French banking group.

Both groups believe the link will bolster their business in each other's country. Stephens hopes to help Indosuez exploit the European trends towards privatisation and US-style mergers and acquisitions while offering the French firm its experience in the US.

The purchase of the 1.5 per cent stake in the French holding company arose from talks initiated by Mr Warren Stephens, president of the privately-held group which is based in Little Rock, Arkansas.

Mr Stephens will sit on the board of Suez International, a subsidiary which oversees foreign investments.

INTERNATIONAL COMPANIES

Mexico refinances £65m of export credits debt

By Peter Montagnon, World Trade Editor

BARING BROTHERS has agreed with Mexico to refinance about £65m ($110m) in Export Credits Guarantee Department (ECGD) debts to the UK that were rescheduled under a Paris Club agreement last year.

The deal, under which Barings will wrap the affected debts into one single loan on its own books, marks a resumption after a long interval of ECGD's efforts to reduce its borrowings from central government by refinancing Paris Club debts in the private markets.

Affected are all Mexico's public sector buyer credits which matured between September 1986 and March this year and were backed by the ECGD as well as 60 per cent of the interest owed on those loans between September 1986 and the end of last year.

ECGD has been under pressure to refinance its portfolio of rescheduled debts which otherwise have to be funded by steadily rising borrowings from the Government.

Mr Malcolm Stephens, ECGD Chief executive, said earlier this year the borrowings could rise to £3.5bn by 1993 unless they were reduced by debt refinancing in the private markets. However, yesterday's Mexican deal is the first since early 1987 when debts owed by Yugoslavia and the Philippines were refinanced through GEFCO a vehicle company specially created by Lloyds Bank.

Baring Brothers said the refinancing was a straightforward banking transaction at floating rates under which it hold the entire amount as an ECGD-backed loan to Mexico's Banco Nacional de Comercio Exterior on its own books.

However, it hinted that the deal could be securitised through a bond issue at a later stage if market circumstances permit. ECGD has been hoping to reduce its Government borrowings further by refinancing its portfolio of Nigerian rescheduled debt but this has proved difficult to negotiate because of that country's continuing economic problems.

Arlabank forms joint venture

By Our Financial Staff

ARLABANK International, the Bahrain-based, offshore banking concern, has formed a Brazilian investment bank in a joint-venture with Hermes Macedo, the Brazlian retail group.

The venture is to be known as Banco HM de Investimentos. Arlabank, which is owned by a consortium of Arab and Latin American banks, said Banco HM would have an initial capital of $13m.

It will be based in Curitiba, Brazil but will have its main branch office in Sao Paulo. Three additional branches are planned in other locations at a later date, Arlabank said.

Banco HM will initially focus on corporate finance and advisory services and domestic money market and investment transactions. It will also offer export financing and foreign exchange plus fund management services.

Arlabank said the creation of the Brazilian investment banking unit follows the formation of Alpha Lambda Investment and Securities Corporation in the British Virgin Islands earlier this year.

Arlabank has also registered a branch under the Arlabank name in the Cayman Islands for securities dealings with an affiliated branch in Panama and representative offices in London, Rio de Janeiro and Buenos Aires.

● More than 25 per cent of the 84m riyal ($22.4m) flotation for Makkah Construction, a property development group based in Mecca, has been covered in the first week of the issue.

The new issue is open for 60 days. Some 3.36m shares are on offer to the public with an initial down payments of 25 riyals each.

Zurich SE to extend trade hours

By John Wicks in Zurich

THE ZURICH Stock Exchange is to reorganise its operations from November 7 with the aim of "increasing trading capacity and meeting new market demands."

One step will be the extension of trading hours. Trading in Swiss equities is to begin daily at 9.30 am instead of 10.30. For shares in continuous quotation, trading will last until 1.15 pm or 2 pm at the latest, with trading in other shares still continuing into the afternoon where necessary.

In the case of the continuously traded Swiss shares, trading will now open with equities listed on the Swiss Options and Financial Futures Exchange (Soffex).

At the same time, the number of Swiss shares traded continuously will be extended by seven to 32, plus the three unlisted Roche equities.

The extension of main trading will mean that the present "pre-market" trading will move to the afternoon and become post-market. Trading here will begin 10 minutes after main trading closes.

An exception will be premarket trading in foreign and domestic bonds, which will continue to start at 9.15 and 9.30 am respectively.

Bank of Singapore takes 40% stake in Bleakley

By Our financial staff

BANK of Singapora (Australia), which is 70 per cent controlled by Overseas-Chinese Banking Corporation of Singapore, has acquired 40 per cent of David R. Bleakley & Associates, the Australian investment planning service.

A further 9 per cent of Bleakley has been acquired by Gatroware Holdings, the Australian financial consulting company.

The Bleakley family will retain a 51 per cent shareholding. Bleakley, which until now has operated as an independent financial services group in New South Wales, Victoria, Queensland and South Australia.

The company now plans to expand into Western Australia and Tasmania, and to offer its services to investors outside Australia.

The purchase by Bank of Singapore steadily expands the bank's operations in Australian.

In April it acquired the stockbrokerage business BOS Stockbroking.

Elec lifts profits by 98%

By Michael Marray in Hong Kong

ELEC and Eltek, the Hong Kong listed electronics manufacturer, yesterday reported net profits of HK$139m ($17.8m) for the year ended June 30, a 98 per cent increase over the previous year.

The strong performance came as a result of increased demand for printed circuit boards (PCBs), which boosted turnover by 65 per cent to HK$815m.

Production levels for PCBs were up by 23 per cent over the previous year, with a larger proportion of high density and multilayer PCBs adding to profitability.

In May of this year Elec and Eltek opened a new factory in Thailand.

It recently announced further expansion plans with the construction of a HK$76m plant across the Chinese border in Shenzhen.

The company went public in 1984 but subsequently ran into difficulties.

It reported large losses in 1985 and 1986, resulting in the closure of its telephone production line.

Jacksons to leave HK

By Our Hong Kong Correspondent

JACKSONS, THE Australian firm of stockbrokers, is to close its Hong Kong office, citing low volumes of business there.

Jacksons arrived in Hong Kong five years ago and established an office selling Australian equities. However, Mr Christopher Freeman, the head of the Hong Kong office, said yesterday that dwindling sales volumes no longer justified the presence of the four-man team and that the office would be closed early in November.

Hong Kong clients will in future be served directly from Sydney.

Jacksons is a corporate member of the Australian Stock Exchange. In addition to its operations in Sydney, Perth and Melbourne, the brokerage also has offices in London and Paris.

Amer aims to raise FM293m via rights

Olli Virtanen in Helsinki

AMER, the Finnish consumer goods group, will be the latest to tap the country's highly liquid capital markets through a rights issue intended to raise FM293m ($66m).

The issue consists of 3.2m A or restricted voting shares offered to holders of K (fully-voting) and A shares in a one-for-five issue at FM90 apiece. Holders of warrants issued with the 5¼ per cent bonds due 1994 may subscribe one new restricted A share for every five warrants held at the same price.

Amer employees are offered a maximum of 120 shares per person at FM100 a share. Amer has reserved 150,000 shares for the warrant holders and 100,000 shares for its employees.

The subscription period is September 26 to October 28. Holders of the new shares will be entitled to half a dividend for the financial year which began on March 1, 1988.

Mr Heikki O. Salonen, Amer chairman, said the proceeds were not earmarked for a particular project. Rather, they would be used to "finance expansion of the existing businesses, future acquisitions and investments in real estate."

Finnish companies have raised, or decided to raise, about FM9.5bn through share issues on the Helsinki stock market this year, compared with FM6.6bn in 1987.

X/Open moves towards agreed software standard

By Alan Cane

THE X/OPEN group, an international consortium of computer vendors attempting to secure common software standards, announced yesterday that it had established a verification and branding programme, aimed at reassuring customers that products claiming X/Open compliance met the agreed specifications.

Software standards have become a significant issue in the computer business this year. Customers have urged manufacturers to abandon proprietary methods of operating computers in favour of a single, agreed standard.

The aim is to make it simpler for computers from different manufacturers to be connected together and to operate with any kind of software.

Customers would no longer be dependent on any one vendor. Software developers would be able to write systems knowing they would run on any vendor's equipment, giving substantial economies of scale.

Mr Geoffrey Morris, X/Open chief executive officer, said yesterday: "Users are beginning to require X/Open branded products as part of their buying specifications."

Tests for compliance will be carried out by Unisoft Corporation at its sites in London, Boston, San Francisco and Tokyo. X/Open members include IBM, Unisys, ICL, Groupe Bull, Hewlett Packard and Fujitsu.

Benedetti's Portugal push

By Tom Burns in Madrid

MR CARLO De Benedetti, the Italian financier, is planning to move into Portugal by way of Corporacion Financiera Reunida (Cofir), the Spanish investment arm of his Cerus European holding company.

Cofir said Mr Jose Ramon Alvarez Rendueles, a former governor of the Bank of Spain and Cofir's chairman, had held talks with possible Portuguese partners to take minority stakes in the Cofir venture.

The proposed Portuguese investment company is likely to have an initial capital of Pta1.5bn ($12.1m) and would be 60 per cent owned by the Spanish parent. Mr Rendueles hopes to launch Cofir Portugal within the next month.

Jacques Calvet: shortfall of 30,000 cars in 1987

Peugeot to increase production by 20%

By Our Paris Staff

PEUGEOT, the French car group embracing the Peugeot and Citroen marques, is planning to increase its annual production capacity by nearly 20 per cent over the next four years.

Mr Jacques Calvet, chairman, said production this year was expected to reach 2.1m cars compared with 1.9m last year. He added that the group planned to increase annual production capacity to 2.3m cars during the next two years and to 2.5m cars over the next four years.

The French car group is planning to increase capacity by investments in its existing plants in France, Spain and the UK. Peugeot has been operating at full capacity during the past two years and has faced a shortage of about 30,000 cars in 1986 and 30,000 cars last year.

Mr Calvet said the group's performance continued to be sustained this year. He said he expected total new car registrations on the French market this year to be higher than last year's 2.1m cars. The group's share of the domestic market totalled 35 per cent at the end of last month.

Peugeot expects to report net earnings this year of at least the same level as last year's FFr6.7bn ($1.07bn) while paying considerably more taxes. Mr Calvet said he also expected group debts to decline to less than FFr15bn by the end of this year. The group's indebtedness has been coming down steadily from a peak of FFr33bn in 1985.

Crédit Lyonnais chairman appointed by Socialists

By Paul Betts in Paris

THE FRENCH Socialist Government will tomorrow appoint Mr Jean-Yves Haberer, the former head of the Paribas banking group, as chairman of Crédit Lyonnais, the country's second largest state-owned commercial bank.

The appointment is the second significant change at the top of one of the country's most important state-controlled financial institutions made by the Socialist Government since its victory in the elections this summer.

In July, the Government replaced Mr Jean Dromer as chairman of the UAP state insurance group with Mr Jean Peyrelevade.

Mr Haberer will replace Mr Jean Maxime Leveque as chairman of Crédit Lyonnais.

Mr Leveque had widely been expected to be dropped by the Socialist Government since he has long been a strong and vocal opponent of the Socialists and an equally ardent advocate of economic liberalism and privatisation.

Indeed, Mr Leveque, who resigned as chairman of the Crédit Commercial Français bank in 1982 when the left nationalised it, has campaigned vigorously for the privatisation of the Crédit Lyonnais during the past two years.

However, the October 1987 stock market crash prevented the former right-wing Government from including Crédit Lyonnais in its privatisation timetable.

Mr Leveque said he had accepted the Government's decision to replace him. After the return of the Socialists, Mr Leveque, who is 65, had not expected to be kept on and had lost any hope of privatising Crédit Lyonnais.

Mr Leveque was appointed chairman of Crédit Lyonnais two years ago at the same time as the former right-wing Government of Mr Jacques Chirac replaced Mr Haberer as chairman of Paribas with Mr Michel François Poncet.

The replacement of Mr Haberer, a former director of the French Treasury during the presidency of Mr Valery Giscard d'Estaing, caused some surprise in 1986.

Although Paribas' financial performance thrived under his leadership, Mr Haberer often appeared a solitary figure inside the bank and was not a particularly popular chairman.

MAN raises dividend on sharp increase in income

By Our Financial Staff

MAN, the West German heavy engineering and construction group, said yesterday that group net income rose sharply in the year ended June 30, amid rising worldwide demand for capital goods. It raised its dividend for the year to DM6.50 ($3.53) a share from DM5.50.

The company did not disclose profit figures for the year. But in a letter to shareholders, it said fiscal 1988 group sales declined to DM14.6bn from DM15bn a year earlier as it booked fewer large plant engineering projects. The general business areas posted brisk growth, MAN added.

The inflow of orders jumped 18 per cent to DM15.7bn in fiscal 1988 from DM13.3bn, signalling a continuation of the group's strong business performance into the present fiscal year. Foreign orders climbed 24 per cent. Domestic orders were up 9 per cent.

Truck orders jumped 20 per cent in 1987-88, while MAN Roland, the printing subsidiary, had a 44 per cent higher order inflow. Fiscal year results will be in December.

Roussel net income down

By Our Financial Staff

ROUSSEL-UCLAF, the French pharmaceutical unit of Hoechst of West Germany, said yesterday its consolidated net income for the first half of 1988 was FFr200m ($31.8m), down from the exceptionally high FFr383m profit it registered for the period a year earlier.

However, the company noted that comparison of its latest earnings with previous results was distorted by non-recurring items that added FFr273m to earnings for the first half of 1987. These included the sale of its Parfums Rochas unit to Wella, the West German hair care group.

Excluding one-time elements, the group's earnings for the first half of 1988 were FFr180m, up from FFr110m a year earlier.

Crédit Suisse sells Albarella resort group

By John Wicks in Zurich

CREDIT SUISSE, the Swiss banking group, has sold Albarella, the resort group, to Marcegaglia, an Italian company based at Gazzoldo degli Ippoliti.

The group consists of the three companies, Albarella, Albarsport and Scai, and owns the holiday island of Albarella in the gulf of Venice.

The transaction, no price for which is being disclosed, is the bank's last important divestment of assets held since the Texon scandal of 1977.

Improper channelling of client funds by managers of the Chiasso branch of Crédit Suisse had then led to the acquisition of large-scale non-bank holdings in Italy.

These have gradually been sold and Crédit Suisse says the Texon portfolio has been cleared apart from minor property assets.

The Albarella project, which will now be run by the Italian businessman Mr Steno Marcegaglia, has 200,000 occupancies per year and 150 employees. Management, staff and organisation of the island will remain unchanged.

Euro-ratings firms look to their laurels

Stephen Fidler on the fierce struggle for a place in the credit agencies' big league

Behind the scenes of the London capital market, a fierce struggle for domination in the credit ratings business is under way. The prize is for a place on the European victors' rostrum in a highly profitable and rapidly expanding business.

The gold and silver medals appear already to be secure in the hands of the two main US rating agencies, Standard & Poor's, a subsidiary of McGraw Hill, and Moody's Investors Service, a division of Dun & Bradstreet. If there is to be a bronze award – something that should not be taken for granted – the question is who will win it.

In the international bond and short-term paper markets, the use of credit ratings is growing quickly. The idea, long established in the US, is that because investors have neither the time nor the resources to devote to their own analysis of borrowers, the rating agencies should do it for them.

The ratings of the main US agencies differ slightly in presentation, but follow similar rules. Borrowers are assessed on the short-term and long-term risks attached to holding their paper. The best long-term credits carry a triple-A or AAA rating, and the fewer letters and the further down the alphabet you go, the lesser quality the credit. An A rating is thus better than BBB, which in turn is better than C, for example.

One UK-based firm called Keyscan argues that the US rating system is inadequate and has established a rating system based on numerical scores out of 100. In terms of winning investor support for its view, however, Keyscan has a steep uphill struggle.

The reason that rating agencies are so potentially profitable is that they charge both investors, who need their research to find out about borrowers, and borrowers which want their issues rated. The problem is that the start-up costs of a new rating agency can be high, and credibility can only be established slowly. Once an agency has established a list of borrowers, though, it costs significantly less to keep that list updated. The standards of rating agency analysis are generally held to be far more rigorous than that of other credit analysts, such as those at commercial banks, and the agencies often have access to figures unavailable to other outsiders.

Even Moody's is having to fight hard in Europe. With a reputation among borrowers in Europe of being more difficult to deal with than its competitors, Moody's last month caused a row in the £3bn market for UK mortgage-backed securities. The reason was its publication of an unrequested rating that was significantly below that issued for the same bonds by S&P.

Moody's was accused of attempting to muscle in on a sector of the market dominated by S&P, and trying to force issuers to pay the £50,000 to get a Moody's rating.

Both Moody's and S&P now have offices and have moved analysts to London. Yet, the two main agencies were late in pushing resources into Europe, and were galvanised into action only after they saw the emergence of Euroratings, an agency set up in 1986 specifically to cater to the Euromarkets.

The idea was that of Mr Richard Cacchione, president of Fitch Investors Service, an independent US ratings agency established in 1913. Apart from Moody's and S&P, Fitch is the only other "full-service" ratings agency recognised as being capable of rating all securities in the US market. Mr Cacchione's view was that investors in the Euromarkets would only accept the US ratings concept if it were to be delivered by an agency with a strong non-US base.

Yet, more than two years after it was established, and 18 months after it published its first ratings, Euroratings' revenues are still tiny and it is still making significant losses, despite its head start.

It is also facing a further challenge in the market place from IBCA Banking Analysis, a bank analysis company of about 10 years' standing which wants to make inroads into the rating of non-financial companies. IBCA has established links with Australian Ratings, a domestic ratings agency whose head, Mr Duncan Andrews, now works from IBCA's London offices and is an IBCA director.

Initially, Mr Andrews had contemplated joining Euroratings along with Fitch, and Cobac, a Belgian credit insurance firm in which Société Générale de Belgique has a stake of about 25 per cent. However, Mr Andrews and Euroratings differed in their approach to the market and they fell out. This left Fitch with a 40 per cent stake and Cobac with 15 per cent. It took the firm until April this year to find a third share holder in the form of Tanks, a subsidiary of

Richard Cacchione: promoting the US ratings concept in the Euromarkets

Société Générale, which has taken the remaining 55 per cent stake.

Further shareholders are still being sought and it is envisaged they will reduce the Tanks stake.

Mr Cacchione's plan was to hold the hand of Euroratings operationally until the latter's analysts were sufficiently well trained to stand on their own feet. This he now believes could take place in 1989, but as it stands the Euroratings' ratings committee – a key decision-making stage in the ratings process – now takes place with Fitch representatives taking part from New York using the telephone. In fact, the chairman of these proceedings, Mr Jack Vogel, is also the chairman of Fitch's rating committee.

But although Euroratings's in-house technical skills have grown and the quality of its analysis is regarded as high, the agency has encountered a series of obstacles.

It has undoubtedly faced management problems. In its short life, two managing directors have come and gone, there has been an inter-regnum and now Mr Etienne Allard, a vice-chairman of Tanks, has taken over as acting chief executive until a permanent replacement can be found.

Earlier this year, the firm's chief financial analyst, Mr Joseph Connolly, left after a dispute, partly over his dislike for the company's new shareholders. One of Mr Connolly's concerns was that the ownership by the Belgian group presented conflict of interest problems for Euroratings, which he believed the Tanks holding deepened.

This concern, he believed, was underlined by a meeting last October in which a Euroratings director, Mr Michel Francqui of Cobac, while visiting Fitch in New York, sat in on a ratings committee meeting at which Euroratings was discussing the short-term credit rating of both Kredietbank and Générale de Banque. He subsequently disclosed to a Belgian journalist some details about the unpublished, or shadow, long-term rating of the two banks.

There is no suggestion that Mr Francqui's presence influenced the rating, and Euroratings rejects the insinuation that any information was abused. After an investigation, the firm said it found no evidence that there had been any abuse of any confidential information presented at the ratings committee meeting. Apart from Le Générale, Cobac's shareholders include Kredietbank, it points out.

It is regarded as an unfortunate incident and one which will not be repeated. Euroratings says it has a strict policy which interprets conflict of interest according to strict US criteria, rather than using a more liberal European interpretation. Indeed, it has rejected other potential shareholders because they failed to meet these criteria, and there is a strong Chinese wall between the analysts and management, it says.

Separately, Euroratings was also shaken by a proposal from two analysts that it should merge with IBCA. The unsolicited proposal was put both to IBCA and Euroratings management, but fizzled out, since there was no management backing from either side. In what appears to be a genuine but ironic coincidence, one of the analysts, Mr Michael Wheelhouse, has since left Euroratings to join Fox-Pitt Kelton, a broker specialising in the shares of financial services companies. It counts among its shareholders Mr Robin Monro-Davies, IBCA's managing director, and Fox-Pitt Kelton's principals also are IBCA shareholders.

More substantively, the firm admits to disappointment that it was not defined as a "relevant agency" by The Securities Association, the largest self-regulatory organisation under the UK's new financial services regulatory regime, a significant blow to a company in the capital of the Euromarkets. However, it says it has been informed that its technical competence is not in question. The TSA decision was based on market acceptance and thus was not carved in stone.

Some critics suggest that the Euroratings concept is flawed. Some issuers, particularly the larger ones, argue that they want a rating that will be of use in all markets, whether in Europe, the US or Japan. Does this suggest the non-global rating agencies are useful only to those smaller issuers that do not want a globally-accepted rating?

Watching the difficulties of Euroratings and the success of the two big US ratings agencies in achieving, albeit belatedly, pre-eminence in Europe, Mr Cacchione has had time to mull over his conviction that the Euromarkets needed a European ratings agency.

From the point of view of Fitch – still privately held and without the deep pockets of its larger competitors – a joint venture may have been the only possible route over the Atlantic.

Mr Cacchione and his colleagues will no doubt have these issues in mind at the end of the year when they conduct a review of the Euroratings strategy.

However, he says that setting up a respected rating agency takes time and, therefore, there will be no proposal on the agenda to shut up shop.

Subdued trading keeps new issue sector in check

By Dominique Jackson

A HANDFUL of disparate Eurobond issues, including two more Ecu bonds and two dollar straights, was launched yesterday against a generally subdued secondary market background as most participants awaited tomorrow's US July trade report.

The low level of activity was indicated by the number of rumours circulating that several substantial dollar straight deals were imminent. However, only one conventionally offered dollar straight issue eventually emerged and seasoned dollar-denominated bonds traded within a narrow range after first moving lower in reponse to profit-taking following last week's gains.

An official at Salomon Brothers vehemently denied market reports that the house had been awarded a mandate by IBM while Crédit Suisse First Boston declined to comment on whether it was to bring Canada's Export Development Corporation to the sector.

It was Daiwa Europe which led the sole conventional offering, bringing Crédit Agricole to the market in the bank's first Euro-issue since it was privatised by the French Government in February this year. The $150m five-year deal carried a 9⅝ per cent coupon and was priced at 101⅝ to give a yield margin at launch of 60 basis points over comparable US Treasury issues. The issue saw heathy, widespread demand and was bid at a discount of 1.70, comfortably within its total fees.

Daiwa also led a $100m equity warrant deal for Sumitomo Forestry, guaranteed by the Sumitomo Bank. The coupon on the four-year issue was indicated at 5⅛ per cent and the deal was well bid at 97⅛. A marginally firmer tone to the Tokyo stock market has lent support to the equity-linked sector lately while a slowdown in issuance as the end of the current Japanese financial period nears also helped.

UBS Securities led a C$75m five-year issue for a unit of Household Finance, the large US and Canadian consumer loans company, guaranteed by the parent. The coupon on the deal is 11 per cent and the issue price is 101¾. The deal was bid at a discount equal to its fees of 1⅞.

INTERNATIONAL BONDS

Two deals emerged in the Ecu sector which is now suffering from severe oversupply following four issues last week. Crédit Suisse First Boston led a Ecu75m three-year issue for Interfinance Credit National, guaranteed by its parent Credit National, at 7¾ per cent and 101¼. The lead manager said several Swiss accounts were still hungry for the currency. The deal was bid at a discount equal to its total fees.

Banque Paribas Capital Markets was the lead manager on a Ecu100m seven-year issue at 7⅞ per cent and 101⅛ for New Zealand. It was bid at a discount equal to its fees of 1⅞. The lead manager said it had identified a gap in the sector for a deal of this maturity although some sector specialists felt the pricing of the deal was a little on the tight side given the length of the deal.

Late in the day, Bankers Trust led a $40m 10-year dollar straight issue for Koa Oil Overseas, a Bahamian-based company. The deal, at 10 per cent and 102, is guaranteed by the Mitsui Bank and is not expected to trade widely.

In West Germany, activity was also subdued although both domestic and Eurobond issues traded narrowly firmer. Last week's new 6¾ per cent federal government bond issue was priced at 100⅝ to yield 6.64 per cent. A recent DM150m issue for Banque Exterieure d'Algerie firmed by a full point on demand from retail accounts.

● Nikko Securities (Europe) is today launching the first Euromarket warrants on the two new stock index futures which were introduced in Japan for the first time on September 3. The first index future is the Topix future, based on all first section issues of the Tokyo Stock Exchange, and the second is the Osaka Securities Exchange's future based on the Nikkei 225 average.

Nikko said 2,000 warrants – 1,000 put and 1,000 call – will be issued for each futures contract. The issue amount of each warrant will total some Y50bn as one warrant is effective for 10,000 Topix or OSE contracts.

Swiss banking growth slackens

GROWTH IN Swiss banking slackened last year, according to the National Bank, writes John Wicks in Zurich.

The combined balance-sheet total of the 622 Swiss banks and finance companies rose by 6.4 per cent to SFr902.2bn ($577.6m) at end-1987 against a 9 per cent growth rate in 1986.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 12

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93¾	94¼	-0⅛	-0⅛	9.60
All Nippon Air 9⅛ 97	100	95¾	95⅞	+0⅛	+1	10.18
Amer. Brands 8½ 92	150	97⅞	98⅛	+0⅛	+1	9.46
A/S Eksportfinans 7⅞ 93	100	93⅛	94⅝	+0⅛	+1	9.06
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	100⅞	101½	0	+0⅛	5.10
Belgium 4⅞ 94	45	96⅜	96¾	0	+0⅛	5.35
Canada 4⅞ 92	80	97½	98	0	+0⅛	5.04
Elec. De France 5⅛ 94	20	99⅛	99⅝	0	+0⅛	5.25
[illegible]						

OTHER STRAIGHTS [illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. [illegible]

Convertible Bonds: Denominated in dollars unless otherwise indicated. [illegible]

The prices over the past week were supplied by: [illegible]

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday 12 September,1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
Afghanistan (Afghani)	99.25	58.5200	31.7092	43.8674
Albania (Lek)	10.25	6.0436	3.2747	4.5303
Algeria (Dinar)	10.86	6.4033	3.4696	4.8000
Andorra (Fr Fr)	10.6475	6.2780	3.4017	4.7060
(Sp Peseta)	209.05	123.2606	66.7891	92.3977
Angola (Kwanza)	50.9675	30.0515	16.2835	22.5270
Antigua (E Carr $)	4.57	2.6945	1.4600	2.0198
Argentina (Austral)	20.2938	11.9656	6.4836	8.9696
Aruba (Florin)	3.03	1.7865	0.9680	1.3392
Australia (Aus $)	2.1185	1.2491	0.6768	0.9363
Austria (Schilling)	22.025	12.9864	7.0367	9.7348
Azores (Port Escudo)	259.25	152.8596	82.8274	114.5856
Bahamas (Bahama $)	1.6960	1	0.5418	0.7496
Bahrain (Dinar)	0.6375	0.3758	0.2036	0.2817
Balearic Is (Sp Peseta)	209.05	123.2606	66.7891	92.3977
Bangladesh (Taka)	52.70	31.0731	16.8370	23.2928
Barbados (Barb $)	3.4077	2.0092	1.0887	1.5061
Belgium (Belg Fr)	65.70c	38.7382	20.9904	29.0386
	66.55g	39.2393	21.2619	29.4143
Belize (B $)	3.3886	1.9979	1.0826	1.4977
Benin (CFA Fr)	532.38	313.9033	170.0894	235.3060
Bermuda (Bermudian $)	1.6960	1	0.5418	0.7496
Bhutan (Ngultrum)	24.15	14.2393	7.7156	10.6740
Bolivia (Boliviano)	4.27	2.5176	1.3642	1.8872
Botswana (Pula)	3.3200	1.9575	1.0607	1.4674
Brazil (Cruzado)	513.20	302.5943	163.9616	226.8287
British Virgin Is (US $)	1.6960	1	0.5418	0.7496
Brunei (Brunei $)	3.4523	2.0356	1.1029	1.5258
Bulgaria (Lev)	1.4461	0.8526	0.4620	0.6391
Burkina Faso (CFA Fr)	532.38	313.9033	170.0894	235.3060
Burma (Kyat)	11.2754	6.6482	3.6023	4.9836
Burundi (Burundi Fr)	262.27	154.6403	83.7923	115.9204
Cameroon (CFA Fr)	532.38	313.9033	170.0894	235.3060
Canada (Canadian $)	2.1000	1.2382	0.6709	0.9281
Canary Is (Sp Peseta)	209.05	123.2606	66.7891	92.3977
Cp. Verde Is (CV Escudo)	130.7576	77.0976	41.7755	57.7934
Cayman Is (C.I. $)	1.4063	0.8291	0.4492	0.6215
Cent Afr. Rep (CFA Fr)	532.38	313.9033	170.0894	235.3060
Chad (CFA Fr)	532.38	313.9033	170.0894	235.3060
Chile (Chilean Peso)	417.73	246.3030	133.4600	184.6320
China (Renminbi Yuan)	6.3424	3.7396	2.0263	2.8032
Colombia (Col Peso)	528.51	311.6214	168.8530	233.5955
Comoro Is (CFA Fr)	532.38	313.9033	170.0894	235.3060
Congo (Brazz) (CFA Fr)	532.38	313.9033	170.0894	235.3060
Costa Rica (Colon)	130.38	76.6750	41.6549	57.6265
Cuba (Cuban Peso)	1.2904	0.7608	0.4122	0.5703
Cyprus (Cyprus £)	0.8200	0.4834	0.2619	0.3624
Czechoslovakia (Koruna)	9.30c	5.4834	2.9712	4.1104
	16.19i	9.5459	5.1725	7.1558
	15.58t	9.1663	4.9776	6.8861
Denmark (Danish Kroner)	12.0275	7.0916	3.8426	5.3160
Djibouti Rep (Djib Fr)	299.11	176.3620	95.5623	132.2033
Dominica (E Carib $)	4.57	2.6945	1.4600	2.0198
Dominican Rep (D Peso)	8.47	4.9941	2.7060	3.7436
Ecuador (Sucre)	660.98o	389.7287	211.1757	292.1458
	873.11a	514.8054	278.9488	385.9049
Egypt (Egyptian £)	3.92	2.3113	1.2523	1.7325
El Salvador (Colon)	8.4850	5.0029	2.7108	3.7502
Equat'l Guinea (CFA Fr)	532.38	313.9033	170.0894	235.3060
Ethiopia (Ethiopian Birr)	3.4829	2.0535	1.1127	1.5394
Falkland Is (Falk £)	1.00	0.5896	0.3194	0.4419
Faroe Is (Danish Kroner)	12.0275	7.0916	3.8426	5.3160
Fiji Is (Fiji $)	2.4601	1.4505	0.7859	1.0873
Finland (Markka)	7.4315	4.3817	2.3742	3.2846
France (Fr)	10.6475	6.2780	3.4017	4.7060
Fr Cty/Africa (CFA Fr)	532.38	313.9033	170.0894	235.3060
Fr Guiana (Local Fr)	10.6475	6.2780	3.4017	4.7060
Fr Pacific Is (CFP Fr)	192.68	113.6084	61.5591	85.1624
Gabon (CFA Fr)	532.38	313.9033	170.0894	235.3060
Gambia (Dalasi)	12.03	7.0931	3.8434	5.3171
Germany East (Ostmark)	3.1300	1.8455	1	1.3834
Germany West (D-Mark)	3.1300	1.8455	1	1.3834
Ghana (Cedi)	385.89	227.5294	123.2875	170.5591
Gibraltar (Gib £)	1.00	0.5896	0.3194	0.4419
Greece (Drachma)	254.80	150.2358	81.4057	112.6187
Greenland (Danish Krone)	12.0275	7.0916	3.8426	5.3160
Grenada (E Carr $)	4.57	2.6945	1.4600	2.0198
Guadaloupe (Local Fr)	10.6475	6.2780	3.4017	4.7060
Guam (US $)	1.6960	1	0.5418	0.7496
Guatemala (Quetzal)	1.6960	1	0.5418	0.7496
	4.4707a	2.6360	1.4283	1.9760
Guinea (Fr)	508.29	299.6992	162.3929	224.6585
Guinea-Bissau (Peso)	1101.29	649.3455	351.8498	486.7580
Guyana (Guyanese $)	15.2000	8.9622	4.8562	6.7182
Haiti (Gourde)	8.4715	4.9949	2.7065	3.7443
Honduras (Lempira)	3.3940	2.0011	1.0843	1.5001
Hong Kong (HK $)	13.2568	7.8165	4.2353	5.8593
Hungary (Forint)	91.1949	53.7705	29.1357	40.3071
Iceland (Icelandic Krona)	78.35	46.1969	25.0319	34.6298
India (Indian Rupee)	24.15	14.2393	7.7156	10.6740
Indonesia (Rupiah)	2887.475	1702.5206	922.5159	1276.2320
Iran (Rial)	120.20	70.8726	38.4025	53.1270
Iraq (Iraqi Dinar)	0.5274	0.3109	0.1684	0.2331
Irish Rep (Punt)	1.1670	0.6880	0.3728	0.5158
Israel (Shekel)	2.7770	1.6373	0.8872	1.2274
Italy (Lira)	2339.00	1379.1273	747.2843	1033.8121
Ivory Coast (CFA Fr)	532.38	313.9033	170.0894	235.3060
Jamaica (Jamaican $)	9.1150	5.3744	2.9121	4.0287
Japan (Yen)	226.25	133.4021	72.2843	100
Jordan (Jordanian Dinar)	0.6330	0.3732	0.2022	0.2797
Kampuchea (Riel)	169.60	100	54.1853	74.9613
Kenya (Kenya Shilling)	30.94	18.2429	9.8849	15.6751
Kiribati (Australian $)	2.1185	1.2491	0.6768	0.9363
Korea North (Won)	1.6435	0.9690	0.5250	0.7264
Korea South (Won)	1221.12	720	390.1341	539.7215
Kuwait (Kuwaiti Dinar)	0.4843	0.2856	0.1547	0.2140
Laos (New Kip)	593.0050	349.6491	189.4584	262.1016
Lebanon (Lebanese £)	678.48	400.0471	216.7667	299.8806
Lesotho (Maluti)	4.1110	2.4239	1.3134	1.8170
Liberia (Liberian $)	1.6960	1	0.5418	0.7496
Libya (Libyan Dinar)	0.5059	0.2982	0.1616	0.2236
Liechenstein (Swiss Fr)	2.6350	1.5536	0.8418	1.1646
Luxembourg (Lux Fr)	65.70	38.7382	20.9904	29.0386
Macao (Pataca)	13.6222	8.0319	4.3521	6.0208
Madeira (Port Escudo)	259.25	152.8596	82.8274	114.5856
Malagasy Rep (MG Fr)	2096.75	1236.2912	669.8881	926.7403
Malawi (Kwacha)	4.5035	2.6553	1.4388	1.9904
Malaysia (Ringgit)	4.4920	2.6485	1.4351	1.9854
Maldive Is (Rufiya)	17.1124	10.0898	5.4672	7.5634
Mali Rep (CFA Fr)	532.38	313.9033	170.0894	235.3060
Malta (Maltese £)	0.5803	0.3422	0.1854	0.2565
Martinique (Local Fr)	10.6475	6.2780	3.4017	4.7060
Mauritania (Ouguiya)	125.84	74.1981	40.2044	55.6198
Mauritius (Maur Rupee)	23.60	13.9150	7.5399	10.4309
Mexico (Mexican Peso)	3877.17a	2286.0672	1238.7124	1713.6662
	3824.03d	2254.7346	1221.7348	1690.1790
Miquelon (Local Fr)	10.6475	6.2780	3.4017	4.7060
Monaco (French Fr)	10.6475	6.2780	3.4017	4.7060
Mongolia (Tugrik)	5.6852	3.3521	1.8163	2.5127
Montserrat (E Carr $)	4.57	2.6945	1.4600	2.0198
Morocco (Dirham)	14.15	8.3431	4.5207	6.2541
Mozambique (Metical)	992.52	585.2122	317.0990	438.6828
Namibia (S A Rand)	4.1110	2.4239	1.3134	1.8170
Nauru Is (Australian $)	2.1185	1.2491	0.6768	0.9363
Nepal (Nepalese Rupee)	37.78	22.2759	12.0702	16.6983
Netherlands (Guilder)	3.5300	2.0813	1.1277	1.5602
N'nd Antilles (A/Guilder)	3.03	1.7865	0.9680	1.3392
New Zealand (NZ $)	2.7420	1.6167	0.8760	1.2119
Nicaragua (Cordoba)	305.46	180.1061	97.5910	135.0099
Niger Rep (CFA Fr)	532.38	313.9033	170.0894	235.3060
Nigeria (Naira)	7.9765	4.7031	2.5484	3.5255
Norway (Nor. Krone)	11.6550	6.8720	3.7236	5.1513
Oman (Rial Omani)	0.6510	0.3838	0.2079	0.2877
Pakistan (Pak. Rupee)	30.50	17.9834	9.7444	13.4806
Panama (Balboa)	1.6960	1	0.5418	0.7496
Papua New Guinea (Kina)	1.4745	0.8693	0.4710	0.6517
Paraguay (Guarani)	543.04o	320.1886	173.4952	240.0176
	1584.15a	934.0507	506.1182	700.1767
Peru (Inti)	56.00o	33.0188	17.8913	24.7513
	446.31a	263.1544	142.5910	197.2640
Philippines (Peso)	34.50	20.3419	11.0223	15.2486
Pitcairn Is (£ Sterling)	1.00	0.5896	0.3194	0.4419
(NZ $)	2.7420	1.6167	0.8760	1.2119
Poland (Zloty)	794.09	468.2134	253.7028	350.9790
Portugal (Escudo)	259.25	152.8596	82.8274	114.5856
Puerto Rico (US $)	1.6960	1	0.5418	0.7496
Qatar (Riyal)	6.1550	3.6291	1.9664	2.7204
Reunion Is. de la (F Fr)	10.6475	6.2780	3.4017	4.7060
Romania (Leu)	14.781	8.7146	4.7220	6.5325
Rwanda (Fr)	132.85	78.3313	42.4440	58.7182
St Christopher (E Carr $)	4.57	2.6945	1.4600	2.0198
St Helena (£)	1.00	0.5896	0.3194	0.4419
St Lucia (E Carr $)	4.57	2.6945	1.4600	2.0198
St Pierre (French Fr)	10.6475	6.2780	3.4017	4.7060
St Vincent (E Carr $)	4.57	2.6945	1.4600	2.0198
San Marino (Italian Lira)	2339.00	1379.1273	747.2843	1033.8121
Sao Tome (Dobra)	131.77	77.6945	42.0990	58.2408
Saudi Arabia (Riyal)	6.3643	3.7525	2.0333	2.8129
Senegal (CFA Fr)	532.38	313.9033	170.0894	235.3060
Seychelles (Rupee)	9.24	5.4481	2.9520	4.0839
Sierra Leone (Leone)	61.60	36.3207	19.6805	27.2265
Singapore ($)	3.4523	2.0355	1.1029	1.5258
Solomon Is ($)	3.6389	2.1455	1.1625	1.6083
Somali Rep (Shilling)	304.97	179.8172	97.4345	134.7933
South Africa (Rand)	4.1110c	2.4239	1.3134	1.8170
	6.5288g	3.8495	2.0858	2.8856
Spain (Peseta)	209.05	123.2606	66.7891	92.3977
Spanish Ports in N Africa (Sp Peseta)	209.05	123.2606	66.7891	92.3977
Sri Lanka (Rupee)	55.20	32.5471	17.6357	24.3977
Sudan Rep (£)	7.6244	4.4955	2.4359	3.3699
Surinam (Guilder)	3.0243	1.7831	0.9662	1.3367
Swaziland (Lilangeni)	4.1110	2.4239	1.3134	1.8170
Sweden (Krona)	10.8600	6.4033	3.4696	4.8000
Switzerland (Fr)	2.6350	1.5536	0.8418	1.1646
Syria (£)	35.5803	20.9789	11.3675	15.7260
Taiwan ($)	48.7800	28.7617	15.5846	21.5602
Tanzania (Shilling)	180.40	106.3679	57.6357	79.7348
Thailand (Baht)	42.70	25.1768	13.6421	18.8729
Togo Rep (CFA Fr)	532.38	313.9033	170.0894	235.3060
Tonga Is (Pa Anga)	2.1185	1.2491	0.6768	0.9363
Trinidad/Tobago ($)	7.2008	4.2457	2.3005	3.1826
Tunisia (Dinar)	1.5300	0.9021	0.4888	0.6762
Turkey (Lira)	2649.95	1562.4705	846.6293	1171.2486
Turks & Caicos (US $)	1.6960	1	0.5418	0.7496
Tuvalu (Australian $)	2.1185	1.2491	0.6768	0.9363
Uganda (New Shilling)	254.45	150.0294	81.2939	112.4640
UAE (Dirham)	6.2330	3.6751	1.9913	2.7549
United Kingdom (£)	1.00	0.5896	0.3194	0.4419
United States (US $)	1.6960	1	0.5418	0.7496
Uruguay (Peso)	649.10	382.7240	207.3801	286.8950
USSR (Rouble)	1.0564	0.6228	0.3375	0.4669
Vanuatu (Vatu)	177.00	104.3632	56.5495	78.2320
Vatican (Lira)	2339.00	1379.1273	747.2843	1033.8121
Venezuela (Bolivar)	24.5674e	14.4854	7.8490	10.8585
	12.7073p	7.4925	4.0598	5.6164
	63.641	37.5235	20.3322	28.1281
Vietnam (Dong)	623.50	367.6297	199.2012	275.5801
Virgin Is-British (US $)	1.6960	1	0.5418	0.7496
Virgin Is-US (US $)	1.6960	1	0.5418	0.7496
Western Samoa (Tala)	3.6245	2.1370	1.1579	1.6019
Yemen (Rial)	17.33	10.2181	5.5367	7.6596
Yemen PDR (Dinar)	0.5811	0.3426	0.1856	0.2568
Yugoslavia (Dinar)	5000.00	2948.1132	1597.4440	2209.9447
Zaire Rep (Zaire)	340.9965	201.0592	108.9445	150.7166
Zambia (Kwacha)	13.15	7.7535	4.2012	5.8121
Zimbabwe ($)	3.1850	1.8779	1.0175	1.4077

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) Preferential rate; (q) Convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday 12 September,1988

INTERNATIONAL COMPANIES AND FINANCE

Wooltru boosts sales but remains cautious

By Jim Jones in Johannesburg

WOOLTRU, the South African fashion and clothing chain, lifted sales by more than half in the year to June 30 1988 but is cautious on the immediate outlook.

The year's turnover was R1.67bn against R1.10 bn in the previous year and the pre-tax profit rose to R121.7m from R84.2m.

Mr David Susman, chairman, says sales increased as the sustained recovery of the retail industry was augmented by Wooltru's own R250m capital investment in new stores over the past five years. He expects earnings to increase again this year.

Earnings increased to 178.9 cents a share from 117.9 cents and the year's dividend has been raised to 80 cents from 60 cents.

French buy UK reference book group

GROUPE DE la Cite, the French publishing group, is to buy the British reference book and packaging concern Grisewood & Dempsey for an undisclosed amount.

The French publisher said the move will broaden its base in the area of reference books with the addition of Grisewood & Dempsey's Kingfisher books to its own domestic lines, which include Bordas and Larousse-Nathan.

The British group, which has annual revenue of more than £5m ($8.5m), will retain management autonomy under its current executive team.

Groupe de la Cite was created in February 1988 through a merger between CEP Communications and Presses de la Cite. It has not published annual results yet, although the two concerns estimated at the time of their merger that they would have consolidated annual revenue of about FFr5bn ($797m) in 1988.

UK builders' merchants agree on £218m merger

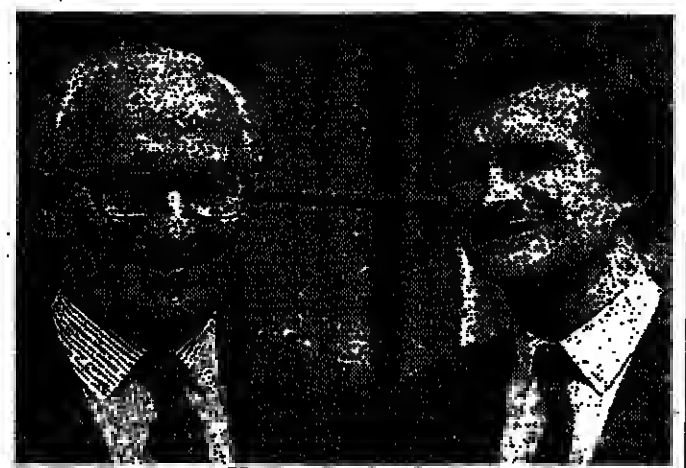
By Clay Harris in London

SANDELL PERKINS and Travis & Arnold, two medium-sized UK timber and builders' merchants, yesterday unveiled a recommended merger which values the combined group at £218m ($370m). Travis Perkins will rank among the top six trade-oriented builders' merchants.

The merger, which will take the form of an all-share offer by Sandell Perkins for Travis, has been carefully balanced to give equal weight to the two managements of the family-run companies. Each will provide five directors, led by Mr Tony Travis as chairman and Mr Tim Perkins as deputy chairman.

The decision to merge – after several unsuccessful efforts over the years by each to woo the other – reflects in part increased competition along the frontier between Sandell's operations in London and the south-east, and the midlands and south-west stronghold of Northampton-based Travis.

"We were both flexing our muscles into each other's regions in order to expand," Mr Travis said. None the less, there is little geographical overlap between Sandell's 67 outlets and Travis's 97 branches. Property disposals are expected to be "fairly insignificant," according to Mr David Perkins, who is to become group managing director.



Mr Tim Perkins and Mr Tony Travis prior to yesterday's merger announcement

Travis achieved pre-tax profits of £17.8m on turnover of £193m in 1987; in the year to March 31, Sandell reported pre-tax profits of £13.7m on sales of £148.5m.

With Sandell shares 5p lower at 218p, its eight-for-five share offer values Travis shares at 348.8p. If the deal goes through, Travis shareholders will also get a 16p special dividend to reflect their disproportionate contribution to the combined group's assets. Travis shares closed 23p higher at 270p.

Travis yesterday reported pre-tax profits of £10.18m (£7.06m) on turnover of £102.3m (£91.2m) for the six months to June 30. Earnings per share rose to 18.7p (12.9p). Travis is to pay an interim dividend of 1.6p (1p).

Sandell was advised by County NatWest, Travis by N.M. Rothschild.

CDF-Chimie forecasts higher profits

CDF-Chimie, the French state-owned chemical group, expects to double its net consolidated profit to FFr2bn ($318m) this year from 1987, according to Serge Tchuruk, chairman.

In 1986, the company made a loss of FFr2.59 bn.

Mr Tchuruk also announced it bought French adhesives maker Onfroy to complement CDF's operations in the sector and was negotiating a takeover of a Parisian asphalt maker. He gave no financial details.

He announced the company had changed its name to Orkem.

Tampella to upgrade Finnish paper mill

TAMPELLA, the Finnish engineering and forestry group, is to modernise its Anjala paper mill at a cost of about FM600m ($136m).

It said it would rebuild a paper-making machine to produce mainly high-quality magazine paper. This is scheduled to be completed by October 1989 and will have an annual output of more than 150,000 tonnes.

Tampella also said its Italian subsidiary, Tampella Carcano SpA had received an order from US paper group Jefferson Smurfit Corp to rebuild a fine paper machine at a mill in Cali, Colombia. No price was announced.

The Anjala mill in south-eastern Finland produces about 100,000 tonnes of book paper a year and this would not be reduced. The mill also produces 200,000 tonnes of newsprint on another machine.

The group said demand for coated magazine papers had been growing rapidly and that this trend would continue.

The spokesman said the rebuilt machine would be the fastest of its kind in the world.

Tampella said it expects group net sales of FM4.7bn in 1988 compared with FM3.77bn in 1988.

Gibbs Mew selling loss-making arm to Herbert Dawe for £800,000

GIBBS MEW, small USM-quoted brewer, is selling its loss-making drinks wholesaler William Seymour and Co (Sherborne) for about £800,000.

The purchaser is Herbert Dawe, Devon-based manufacturer and distributor of soft drinks. Seymours will continue to distribute Gibbs Mew beers and other products under a trading agreement.

Consideration will be in the form of a £100,000 loan, £250,000 of convertible unsecured loan stock and the balance in cash. Seymour made a pre-tax loss of £11,000 last year.

A new chief executive was appointed to restore Seymour to profitability only in July but Mr Roger Gibbs, the company secretary, said yesterday that "after reviewing the situation, we thought this deal was better. The performance of Seymours has been disappointing and we are confident that we can redeploy these resources more effectively within the group."

Cupid placing

Cupid, Blackburn-based designer and manufacturer of bridal gowns and nursery care products, is to join the Third Market via a placing by brokers Carlton Seal, writes Fiona Thompson.

The company, set up eight years ago by Mr Michael Murray, managing director, made pre-tax profits of £301,000 on sales of about £2.5m for the year to March 1988, including a contribution from Quilty, a nursery care products company acquired during the year. Quilty makes a quilted material used to line children's car safety seats.

Racal prospectus

Racal, electronics group, is to publish the pathfinder prospectus for the flotation of its Racal Telecommunicatione Group subsidiary on Thursday.

GrandMet buys

Grand Metropolitan, UK drinks group, yesterday raised its stake in Irish Distillers from 20.1 per cent to 22.5 per cent. GrandMet, which is offering I£5.25p per share is competing with Pernod Ricard for the Irish whiskey group.

M.Y. Hldgs up 41%

A strong performance from its packaging businesses enabled M.Y. Holdings to lift pre-tax profits by 41 per cent to £1.86m in the six months to July 2.

Mr Peul Marks, chairman, said the packaging side had experienced strong demand and was further enhanced by the acquisition of Rowpak (Containers) in May.

Turnover expanded to £23.78m (£16.76m). At the trading profit level, packaging contributed £1.61m (£945,000), while the consumer goods side made £401,000 (£382,000).

Earnings per 10p share rose to 3.22p (2.47p) and the interim dividend is 0.55p (0.45p).

Sutherland jumps

Sutherland Holdinge, USM-quoted food processor, reported interim pre-tax profits up from £165,000 to £1.15m. The results reflected acquisitions last year and improvements in all operating companies.

Turnover for the six months to July 2 rose to to £41.8m (£18.88m). Earnings per share were 2.72p (0.52p) and the interim dividend has been raised to 0.85p (0.33p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
ASD §	int	5.5	-	4.5	-	9.5
British Vita	*int*	*2.8*	*Nov 7*	*2**	*-*	*4.625**
Cala	fin	1.9†	Oct 28	1.5	2.75	2.2
Canning (W)	int	1.5	Dec 1	1.3	-	5.3
Dalgety	fin	9	Jan 3	8	15	14
Delta	int	3.4	-	2.9	-	9
Hyman	int	0.67	-	0.75	-	1.7
Kleinwrt Smaller	int	1.175	Nov 4	1.117*	-	3.233*
Lilleshall	int	1	Dec 2	0.375*	-	1.5*
Magnetic Mats §	fin	2½	-	2	2.9	2.9
Merchants Trust	int	3	Oct 28	2.52	-	5.4
Merivale Moore	fin	4.75	-	3	7	4.5
M.Y. Holdings	int	0.55†	Dec 8	0.45	-	1.5
Myson Group	int	2.3	Nov 4	2	-	5.4
Norfolk Capital	int	0.18	-	0.15	-	0.45
Nth Sea & Gen §	int	0.5	-	-	-	-
Rugby Group	int	2.3	Nov 25	1.875*	-	4.25*
Sun Life Ass	int	12.58	-	11.44	-	33.6
Suter	int	2	Nov 28	1.5	-	5
Sutherland Hlgs§	int	0.85	-	0.33	-	1.1
Travis & Arnold	int	1.6	-	1.28	-	6.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Scrip dividend alternative

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Brake Bros., British Aerospace, Corton Beach, Equity & General, Gaskell Broadloom, Helt Eng, Hibernian Group, Ice land Frozen Foods, Invergordon Dist, John sion Press, LASMO, MTL Instruments, Matthews (B), Mayborn, Ocean Transport, P & O, Savoy Hotel, Scottish Heritable, Shires Trust, United Plants Africa, Ward White

Finals- Armstrong Equipment, GDC Capital, Interlink Express, Kwahu, Macro 4, Osprey Comms, Precious Metals Tst.

FUTURE DATES

Interims-	
APV	Sept.22
Antler	Sept.19
Bridon	Sept.22
CCA Publications	Sept.27
Herring Son & Daw	Sept.22
LCW	Sept.16
Laporte Industries	Sept.21
Micro Focus	Sept.22
PCT Group	Sept.16
Sindall (William)	Sept.22
Singer & Friedlander	Sept.20
Sintrom	Sept.16
Stag Furniture	Sept.21
Finals-	
Elders I.G.	Sept.27
Estates Property Inv	Sept.19
Gabicci	Sept.19

Slimmer Dalgety rises to £99.6m

By Clare Pearson

DALGETY, food, agribusiness and commodity group, yesterday reported pre-tax profits up 8 per cent to £99.6m in the year to June 30. Turnover was £4.5bn (£5bn).

Mr Terry Pryce, chief executive, described the result as a good one for a period of transition. During the year, Dalgety shed non-core businesses which contributed £26.2m to trading profits during the previous year.

Earnings per share advanced by 8 per cent to 29.9p (27.8p). The final dividend is raised by 1p to 9p, making 15p (14p) for the year. Dalgety shares closed 2p higher at 296p.

Mr Pryce said he would be disappointed if a "significant acquisition" worth up to £250m had not been made by the end of the current year. This would be in the food sector, in which several small purchases were made during 1987-88.

Dalgety disposed of a number of businesses, including lumber and engineering concerns, early in the year. *Divested businesses put in* £3.1m to trading profits of £142.5m (£139.9m).

Golden Wonder, the snacks business, was included for a full 12 months, against nine months last time. Mr Pryce said measures to improve productivity, including the closure of two factories, had made good progress. A £3m advertising campaign, which Dalgety believed to be the largest ever in the snack food market, had just been embarked upon.

Spillers Foods was boosted by the buoyant UK petfood market, where growth has been fuelled by the increasing number of domestic pets and a decline in the availability of scraps due to convenience cooking. Mr Pryce said Spillers had also managed to increase its market share.

Homepride Foods' Cook-in-Sauces was the only food manufacturing business to show a lower contribution. This suffered what Mr Pryce described as a "temporary setback" under the impact of price competition.

Overall, food contribnted £67.3m (£51.7m) to trading profits. *Ingredients*, which included flour, were described as making excellent progress.

Terry Pryce: expects 'significant acquisition' in current year

Agribusinesses supplied £38.8m (£31m) to trading profits. Mr Pryce said the UK businesses had increased their market shares and made a higher contribution than last time, which was creditable given the poor harvest in 1987. Australian interests were helped by the strong international market for wool.

Gill & Duffus, the commodities arm, put in £36.5m (£31m) in spite of generally depressed markets for food commodities.

Net borrowings were similar to last time, despite an increase in year-end borrowings at Gill & Duffus to £62m, while shareholders' funds increased by £28m to £377m. Excluding the commodities arm, gearing stood at 54 per cent at the year-end, which Mr Pryce described as "very comfortable." A £13.9m (£17.1m) extraordinary gain was mainly from the disposal of the Canadian lumber interests.

See Lex

Regular premium business leaps 60% to £51m at Sun Life

By Richard Waters

SUN LIFE Assurance Society yesterday reported strong gains in new regular premium business in the first half of the year. This coincided with the announcement of its strategic alliance with Union des Assurances de Paris, France's largest insurance group.

Regular premium (as opposed to single premium) business in the six months to June 30, at £51m, was 60 per cent higher than in the corresponding period of 1987.

This was largely due to a surge in the sale of section 226 pension policies for the self-employed, which were abolished on July 1.

Sun Life had already reported new regular premium business of £38m, a rise of only 21 per cent on 1987, but yesterday said that this figure, published in July, failed to take into account the large amount of business which had not been processed by June 30.

Single premium business, in contrast, fell sharply as a result of last autumn's stock market crash.

Total single premium income for the group as a whole was £360.1m (£534.6m), while unit trust sales brought in £35.5m (£126.8m).

Sun Life said that sales of its pensions products, especially new-style personal pensions, which came into effect on July 1, were "currently at a very satisfactory level".

The company declared an interim dividend of 12.58p (11.44p), a 10 per cent rise.

See Lex

Delta shares fall despite 20% earnings increase

By Philip Coggan

A 20 PER cent rise in interim earnings per share at Delta Group, the engineering and electrical equipment company, failed to impress the market yesterday and the company's shares fell 11p to 266p.

Although all three main divisions and all five main geographical areas increased their profits, there was a fall in the contribution of related companies from £6.41m to £6.2m. Thus while operating profits rose 19 per cent to £27.8m (£23.4m), pre-tax profits rose by just 12.5 per cent to £34.1m (£30.3m). Turnover was £318.1m (£261.6m) and earnings per share were 15.1p (12.6p).

Last year, Delta failed in a bid attempt for George H Scholes, an electrical engineering group with particular expertise in circuit breakers. Delta has now launched its own range of circuit breakers and consumer units, which it says was "very well received."

Delta's star first-half performer was the engineering side, which increased pre-tax profits from £6.2m to near thanks both to organic and acquisition-led growth.

Growth in the electrical equipment division was held back by the performance of a related company, Telephone Cables, in which Delta has a 25.5 per cent stake. The division's profits rose only marginally to £16.22m (£16.15m).

The industrial services side made £7.83m (£7.43m) profits.

Mr Geoffrey Wilson, chairman, said that the group's second half performance continued to be ahead of last year. The interim dividend is being increased to 3.4p (2.9p).

● **COMMENT**

Delta has spent many years patiently rebuilding, weeding out the lossmakers, making bolt-on acquisitions, increasing its efficiency. The overall effect has been steady rather than spectacular – turnover which was £508m in 1982, was only £532m last year. Sadly for Mr Wilson, who can point to growth in pre-tax profits from £13.9m to £64.2m over the same period, the City has grown bored. Delta failed in its bid for Scholes and is now the subject of bid rumours itself. Even such speculation does little for the share price; assuming pre-tax profits of £70m for the year, the prospective p/e is just 8.5. But it is hard, in these markets, to see either a hostile bid for Delta or to envisage its sudden emergence as a go-go stock.

Rugby at £31.5m midway

RUGBY GROUP, building materials supplier, raised pre-tax profits by 42 per cent to £31.51m in the six months to June 30.

Turnover increased 21 per cent to £238.3m. Despite higher operating costs of £207.27m (£173.97m) trading profits grew 33 per cent to £31.03m.

Mr Geoffrey Higham, chairman, said the mild start to the year and continuing high level of demand helped all the UK companies, which raised trading profits 39 per cent to £24.21m. Cement operations contributed £11.93m (£8.48m), joinery £10.46m (£7.24m) and steel construction products £1.81m (£1.66m).

Overseas trading profits rose 14 per cent to £6.83m. Mr Higham said that the recent cost reduction exercise in Australia had resulted in increased sales. However, the US millwork companies had seen little sales growth in a difficult first half. Vertal, French glass maker, and De Vries, Dutch maker of wooden windows, had both made good initial contributions.

Earnings per share worked through at 6.96p (4.76p) and the interim dividend is lifted to 2.3p (adjusted 1.875p).

● **COMMENT**

Rugby's profit increase was almost identical to that tabled by Blue Circle last week. Both companies have benefitsd handsomely from the UK construction boom although Blue Circle had more to gain from cost reductions which followed the ending of the British cement makers price fixing cartel. Rugby, which sells mainly in the south and Midlands, expects cement sales to have increased by about 13 per cent this year while higher cement prices and lower costs should continue to benefit the group for at least another 12 months. UK construction output is forecast to rise by a further 2 per cent next year which should also help Rugby's joinery and steel products division. Profits from the latter were depressed by start-up costs for a major £27m reinforced steel constract for the Channel tunnel. The contract should make its main profit contribution in 1989 and 1990. Like Blus Circle, Rugby has had problems in the US where prices for building materials in some states have been under pressure. To counter-balance there were improved profits from Australia where the business has been reorganised as well as first time contributions from French glass and Dutch joinery acquisitions. A prospective p/e of around 8 on full year pre-tax profits of £70m is about average for the sector.

Saatchi buys large NZ agency

By Philip Coggan

SAATCHI & SAATCHI yesterday extended its global advertising empire with the purchase of New Zealand's second largest agency, Mackay King Advertising Holdings.

Saatchi's existing activities in New Zealand make it one of the top three agencies, and the combined group will become the country's largest.

Last year, Mackay King had billings of NZ$69m (£25.16m) and made pre-tax profits of NZ$4.1m. Initial payment for the group will be NZ$25m in cash, with further payments payable, until 1994, dependent on profits.

The maximum consideration will be NZ$80m.

Mr Terry King and Mr Peter Cullinane, who run the Auckland and Wellington agencies respectively, will remain joint chief executives.

British Vita up 29% to £16.9m

By Andrew Hill

BRITISH VITA, the Manchester-based polymer, fibre and foam group, increased pre-tax profits by 29 per cent to £16.9m in the six months to June 30, compared with £13.1m last time.

About half the growth came from existing businesses and about half from recent acquisitions, including Uniroyal/Royalite and Metzeler Schaum. However, operating margins came down from 8.5 per cent to 6.6 per cent as Metzeler, bought in December from Bayer, the West German chemical company, was absorbed into the group.

Turnover was up 66 per cent in the first half to £224m (£134m) and earnings per share rose from a restated 7.87p to 9.03p. Vita declared an interim dividend of 2.8p (1.96p).

● **COMMENT**

Analysts were expecting some fall in margins at British Vita as a result of the Metzeler acquisition and the results as a whole were ahead of most expectations. The UK side performed a little better than expected, especially in its foams and fibres activities, and, according to the company, continues to outplay the opposition on fire-retardant upholstery, as customers prepare for the introduction of new regulations. Vita is also making much of its spread of businesses across Europe, supplying continental furniture manufacturers from its factories in France, Spain and West Germany, which then sell products to the UK. Metzeler is likely to make a good contribution in 1989 and in the meantime, observers have increased their forecasts for 1988 to about £36m before tax. With the tax rate down from 48 per cent to about 40 per cent, this puts the shares – up 2.5p yesterday to 225.5p – on a prospective multiple of around 12. This is a premium to the market, but Vita is still a group with strong earnings potential.

Assoc. British Ports

Associated British Ports Holdings, which is due to report interim results on Thursday, paid a net final dividend of 5p for the year to December 1987. The Results Due table in Saturday's edition inadvertently omitted to note this payment.

N Sea & General

North Sea & General, USM-quoted oil and gas producer, made £780,000 (£1.39m) pre-tax on sales of £2.72m (£3.57m) for six months to end-June. Comparisons restated. Maiden interim dividend 0.5p.

Tilbury in £10.35m deal

By Clare Pearson

TILBURY GROUP, contracting and property company, has acquired Whittle, a Bournemouth-based shop fitting contractor, for a maximum consideration of about £10.35m.

Mr Patrick Edge-Partington, chairman, said this was part of the policy of lessening dependence on mainstream contracting. Other specialist activities include piling, refurbishment and electrical services.

Tilbury is paying £4.1m cash on completion, and a further £25,000 cash before the end of March 1990. There will be two further payments up to a total of £6m, depending on pre-tax profits in 1988 and 1989.

Whittle has incurred extra costs in anticipation of higher demand in the current year. It made £838,000 pre-tax on sales of £13.6m in the year to October 1987.

UK COMPANY NEWS

Property investments help Suter jump 66% to £20m

By Ray Bashford

SUTER, industrial holding company, lifted pre-tax profits 66 per cent from £12m to £19.9m in the six months to July 2, exceeding City forecasts and setting the solid foundation for a substantial improvement in the annual result.

The businesses retained from the £77m Mitchell Cotts acquisition of June last year contributed £3.8m to the pre-tax figure. Stripping out this contribution, Suter's pre-tax profits advanced 33 per cent to £15.9m.

Mr David Abell, chairman, also gave further details of the plan to reduce borrowings and said that the company could have a net cash surplus of up to £20m at the end of the current financial year.

The sale of Mitchell Cotts' transport services division last year for £32m virtually completed the rationalisation plan and was a major contributor to a 60 per cent reduction in borrowings during the last eight months and a 40 per cent fall during the six months under review.

If Banner Industries of the US exercises its option to acquire Suter's 27.6 per cent stake in Avdel for a total consideration of £28m, as was announced late last month, Suter will achieve a cash surplus.

Mr Abell said that this cash surplus, coupled with the ability to borrow up to £100m, left the company well placed to expand through acquisition.

The board is also seeking shareholders' approval for the buy-back of up to 10 per cent of the company's capital. Terms of the scheme are expected to be released soon.

An exceptionally high return from property investments fell into the current accounts and made a £5.1m (£1.8m) addition.

Fully diluted earnings per share were 32 per cent ahead at 11.1p. The board has lifted the interim dividend from 1.5p to 2p and it expects to recommend a final dividend of not less than 4p.

Turnover in the six months rose 61 per cent to £119m with the industrial division returning £66.6m and the distribution division £38.8m to the total.

The pre-tax profit of the industrial group was 86 per cent higher at £7.8m. The group's environmental and automotive components operations returned pre-tax profits of £1.7m and £1.9m respectively.

The refrigeration wholesaling activities were again the highlight of the distribution division's performance, reporting a 50 per cent rise in pre-tax profits to £1.5m on a 25 per cent rise in turnover.

Suter also received a significantly higher contribution of the profits from associated companies, rising from £1.3m to £4.3m.

● COMMENT

From the shadow of allegations over insider trading, Mr David Abell came out fighting yesterday, and let the results speak for themselves. The message was clear enough to analysts, who upgraded pre-tax profit forecasts amid strong indications of continued organic growth and rigid management controls. The residual parts of Mitchell Cotts, in particular the chemical and engine remanufacturing operations, appear set to make further strong contributions. With the "clean up" of Mitchell Cotts almost complete, another purchase is certain, although it is likely to be relatively small. Second-half results will be without the assistance of such a big return from property operations. So strong are the lingering doubts hanging over Suter, that the shares firmed only 6p to 180p. But on fundamentals alone, the sharea appear cheap on a prospective p/e of 8.4, assuming pre-tax profits midway in analysts' full-year range of £35m to £39m.

Norfolk Capital confident despite earnings setback

By David Waller

NORFOLK CAPITAL, acquisitive hotel group, yesterday predicted that 1988 would be a year of "consolidation and development" as it reported a 15 per cent drop in earnings per share for the six moothis to end-June.

Although pre-tax profits rose by 27 per cent to £1.82m, and turnover jumped by nearly a half to £19.15m, earnings fell from 0.41p to 0.35p. This was in part due to a 48 per cent increase in the number of shares in issue over the year, but also reflected problems at the St James's Club in Paris.

Mr Anthony Richmond Watson, Norfolk chairman, said that the Paris club, located in the plush 16th arrondissement, had lost £750,000. Trading is expected to improve in the current half, bnt the clnb is unlikely to break even until the end of next year.

The St James's Clubs, bought for £22.1m last September from Mr Peter de Savary, are as much hotel as clnb. Members pay an annual subscription which allows them to stay there at very high room rates. According to the chairman, membership in Paris is booming, but occupancy levels are very poor.

The longer established London club "performed well in a competitive market".

Norfolk also announced plans to develop the land behind the Caledonian Hotel in Edinburgh at a cost of £30m over two years.

The interim dividend is 0.18p (0.15p).

● COMMENT

In the bull market, hopes for a glorious future combined with a dash of bid speculation, drove Norfolk Capital's paper onto a truly stratospheric rating duly exploited to make acquisitions for shares. That future is now with us, and it is not so glorious: earnings per share are likely to fall slightly over the year as a whole, from 1.2p to 1.1p. To some extent, this reflects factors beyond the company's control, such as the poor state of the London hotel market, bnt problems at the Paris St James'a clnb could have been expected. A 20 per cent hike in the interim dividend is a testament to the company's continuing confidence, bnt shareholders who forked ont for September's rights issne are likely to be disillusioned still. Up 1p to 27½p yesterday (compared to the rights price of 45p), the shares are on a lofty multiple of 25, unjustifiable on trading grounds but partially explained by an asset valne of as much as 36p a share.

ASD profit more than doubled

By Andrew Hill

ASD, the steel stockholding and distribution group, more than doubled pre-tax profits in the first half of 1988, making £3.36m before tax in the six months to June 30, against £1.52m in the equivalent period, and £3.24m in the whole of 1987.

Mr Ralph Oppenheimer, chairman, said the company would probably consider a move from the Unlisted Securities Market to a full listing next year.

Turnover at ASD increased by 50 per cent to £67.8m (£45.1m) in the first half. The results included a 10-week contribution from Robert Frazer, a distributor of pipes and fittings bought in April, which made £270,000 before tax on sales of £4.75m.

Mr Oppenheimer said the figures had been boosted by the buoyant construction and automotive markets, improved distribution efficiency, and a return to profits at Davy Stockholders, bought from Davy Corporation at the end of 1986.

He added that gearing at ASD, which says it is the third largest steel stockholder in the UK, had risen to 84 per cent at the halfway stage, but expected it to drop to about 65 per cent by the end of the year.

However, he warned that the recent rise in interest rates would probably have an effect on the second half, which was normally less profitable than the first.

Earnings per share more than doubled to 32.5p (16.2p) and the company declared an interim dividend of 5.5p (4.5p).

● COMMENT

ASD's innate conservatism came out in the statement which accompanied yesterday's excellent figures, but the market ignored the cautious references to rising interest rates, and marked the shares up 20p to 413p. This reflected pleasure that Davy Stockholders was back in the black and anticipated the continued strength of the industrial construction industry, growth from the core businesses – although not on the scale of these results – and a more substantial contribution from Robert Frazer. The risk of a downturn in the industry's served by ASD may be offset by the market for added value products, such as stainless and profiled steel. Analysts are forecasting at least £8m for the full year, putting the shares on a prospective p/e of about 7, which looks good value.

Tarmac buys brick maker for £10.6m

By Andrew Hill

TARMAC, the construction and building materials group, has agreed to buy Innes Lee Industries, a brick manufacturer, for £10.6m in cash, shares and floating loan notes.

The group, which emerged last week as the counter-bidder for Ruberoid, the roofing materials company, is to issue 3.29m new ordinary shares and 2.58m unsecured floating rate loan notes 1989/98, with the balance paid for in cash.

Innes produces about 50m bricks a year, and trades under the names Belton Brick and Campbell Brick. The acquisition will push Tarmac's total brickmaking capacity up to almost 250m a year. Innes has two factories, at Belton, near Scunthorpe, and Chesterfield, Derbyshire.

Meanwhile, Tarmac yesterday increased its stake in Ruberoid, which is also the subject of a £128m bid from Raine Industries, the housebuilder. Tarmac, which is offering £141.3m for Ruberoid, now owns or has received irrevocable acceptances representing about 14 per cent of the target's share capital.

Williams Hldgs sells N. American offshoots

By Clay Harris

WILLIAMS HOLDINGS, industrial conglomerate, is to sell its North American plastics businesses for C$10.44m (£5m) to Polar Plastics, a Canadian company.

Gallos Plastics, based in Winston-Salem, North Carolina, and Diamond Plastics, based in Brampton, Ontario, have been part of Williams since 1985 and 1986 respectively. They make disposable cups, plates and trays – many for airlines – and scientific products such as Petri dishes.

Williams said that with new products emerging in the market resulting in pressure on profits, Diamond and Gallos would do better as part of a larger plastics group. Polar has production facilities in Montreal and Allentown, Pennsylvania.

Biwater builds water stake

By Andrew Hill

BIWATER, a private water contracting and engineering group, has taken a 25.19 per cent stake in West Hampshire Water Company, raising the possibility of a bid for the statutory water company.

The stock was bought through Biwater Supply, a vehicle set up by Biwater in March to launch an agreed bid for East Worcestershire Waterworks. The share purchase built on an undeclared stake of just under 15 per cent.

Biwater said it intended to have talks with West Hampshire's directors, most of whom are unavailable until near the end of the month, but would not say whether it aimed to bid for the water company.

In preparation for the planned privatisation of the ten water authorities, several large investors, notably French water suppliers, have taken holdings in the UK's 29 statutory water companies, which work alongside the authorities.

One French company, Lyonnaise des Eaux, successfully launched agreed bids for Essex and East Anglian water companies. Some water authorities have also bought stock in the companies in their region.

Mr Peter Cox, secretary and treasurer of West Hampshire, said yesterday: "Obviously we would not want to see the water authorities as buyers of stock and this is one step better than that, but I don't know what our directors would want to happen."

Biwater Supply is headed by two directors from Biwater and four executives from East Worcestershire Waterworks, who initially wanted to attempt a management buy-out of the water company.

Verson £0.6m acquisition

By Richard Tomkins

VERSON INTERNATIONAL, West Midlands engineering group, has bought Daniel Smith, a Wolverhampton manufacturer of cold roll forming machinery, from Rega Holdings for up to £600,000 in cash. It plans to feed the company's products into its marketing network.

Verson also sounded a bullish note on its export performance, saying orders continued to grow in spite of sterling's erratic trading. "In the last two weeks alone the group has secured firm letters of intent and contracts valued at just under £14m, 80 per cent of which are for export."

McKAY SECURITIES PLC

Notice of Meeting

Due to the postal disruption, Notice is hereby given that the Annual General Meeting of McKay Securities PLC will be held at 20 Parkside, 28/56 Knightsbridge, London SW1X 7JR on Thursday 6th October 1988 at 12 noon.

Copies of the Report and Financial Statements have been posted to Shareholders but additional copies are available for collection as from 13th September 1988 at the Company's offices at 20 Parkside, as above, and from Warburg Securities, 1 Finsbury Avenue, London EC2M 2PA.

ROVER GROUP

IMPORTANT NOTICE TO ROVER GROUP SHAREHOLDERS

Recommended proposals for the acquisition by British Aerospace of the ordinary shares it does not already own in Rover Group were sent to Rover Group shareholders on 30th August, 1988.

Due to the risk of continuing postal delays, SPECIAL ARRANGEMENTS ARE BEING MADE FOR SHAREHOLDERS TO RETURN THEIR FORMS OF PROXY AND, IF THEY WISH, FORMS OF ELECTION BY LODGING THEM WITH ANY AUSTIN ROVER DEALER IN THE UNITED KINGDOM BY 5.00 P.M. ON MONDAY, 19th SEPTEMBER, 1988. The address of your local Austin Rover dealer can be found in the "Yellow Pages" under "Car dealers & distributors." Forms of proxy and forms of election will be lodged at shareholders' own risk.

The proposals will be voted on at a Meeting of Rover Group shareholders at the Queen Elizabeth II Conference Centre, London SW1 at 11.00a.m. on Thursday, 22nd September, 1988. If shareholders wish to vote on the proposals, it is important that they complete and arrange for the return of their forms of proxy (yellow card). They may also attend the meeting. Shareholders wishing to elect for new British Aerospace shares should also complete and lodge their forms of election (blue form).

Completed forms of proxy and forms of election may also be delivered by hand up to 5.00 p.m. on 20th September to:

The Rover Group plc	or	Connaught St. Michaels Limited
7-10 Hobart Place		CSM House
London SW1		Victoria Street
		Luton, Bedfordshire

Alternatively, forms of proxy can be handed to the Chairman at the Meeting on 22nd September.

If you do not have your form of proxy, form of election or the accompanying document, further copies can be obtained through Austin Rover dealers. If you have posted your form of proxy and/or form of election and are concerned that they may not be delivered in time, you may complete new forms and lodge them with an Austin Rover dealer or deliver them by hand as described above.

If you have any questions, please do not address them to Austin Rover dealers but call the Rover Helpline by dialling 100 and asking the Operator for Freefone Rover Group.

British Aerospace will be advertising its interim results for the half-year to 30th June, 1988 in the national press on 14th September, 1988.

This notice is issued by The Rover Group plc. J. Henry Schroder Wagg & Co. Limited, a member of The Securities Association, has approved its contents for the purposes of Section 57 of the Financial Services Act 1986.

The Directors of Rover Group, other than Mr. B.E. Friend, are the persons responsible for the information contained in this notice. These Directors of Rover Group confirm that, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this notice is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of such Directors of Rover Group accepts responsibility accordingly. Mr. Friend, a Director of British Aerospace, was appointed to the Rover Group Board following British Aerospace's acquisition of HM Government's shareholding in Rover Group and has therefore not participated in the issue of this notice on behalf of Rover Group. 13th September, 1988

THE RUGBY GROUP PLC

1988 Interim Results

Unaudited six months to 30th June	1988	1987	
TURNOVER	£238.3m	£197.4m	+21%
PROFIT BEFORE TAX	£31.5m	£22.1m	+42%
EARNINGS PER SHARE*	6.96p	4.76p	+46%
DIVIDENDS PER SHARE	2.3p	1.875p	+23%

*Before extraordinary profits of £Nil (1987: £7,445,000)

The Group acquired on 29th July 1988 Associated Building Centers Inc. of Missouri, U.S.A., for some US$5.9m and on 2nd September 1988 acquired the door manufacturing business of Baltic Industries Pty. Ltd., Melbourne, Australia, for some A$3.6m.

Prospects for the remainder of the year look good.

For a copy of the 1988 Interim Report, please contact:
The Secretary, The Rugby Group PLC, Crown House, Rugby CV21 2DT. Tel: 0788 542111

MARIEVALE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 05/06778/06)
("Marievale")

Gencor Group

CONVERSION OF 'S' ORDINARY SHARES INTO ORDINARY SHARES

In January 1986 Marievale issued 55.5 million 'S' ordinary shares to Gethel Investments Limited. At the same time it acquired certain precious metal mineral rights and mineral right participations, thereby changing the nature of its business from a mining company to a mineral rights participation company.

The reason for the creation of the 'S' ordinary shares as a distinctive and separate class of share was to assure United States nationals who invest in Marievale shares that their continued interest in the company would not cause them to inadvertently infringe certain domestic legislation of the United States of America.

It has since become apparent that the existence of the 'S' ordinary shares severely inhibits Marievale's ability to do business by the issuing of new shares by way of rights issues and/or as consideration for the acquisition of mineral rights participation opportunities in South Africa.

Whilst the need to accommodate the needs of shareholders who are United States nationals remains valid, the continued existence of separate classes of shares is having an undue negative effect on the ability of the company to conduct business. This is to the detriment of all shareholders. It is therefore considered to be in the interest of the company and all its shareholders to correct the situation by reverting to only one class of share. Consequently it is proposed that the 55.5 million issued and the 44.5 million authorised, but unissued, 'S' ordinary shares be converted into ordinary shares. The listings on The Johannesburg Stock Exchange ("the JSE") and The Stock Exchange, London ("the LSE") of the existing ordinary shares and existing 'S' ordinary shares will be combined and listed under the same class of shares, i.e. Marievale ordinary shares.

The proposal has been approved by the JSE and the LSE and requires the sanction of shareholders in general meeting. The necessary shareholders' meeting will be held on 6 October 1988. An explanatory circular and the notice to shareholders will be mailed to shareholders today.

Johannesburg, 13 September 1988

EBC Amro Traded Currency Fund Limited

NOTICE of the FOURTH ANNUAL GENERAL MEETING of Shareholders to take place on the 7th day of October, 1988 at 11 am.

NOTICE is hereby given pursuant to the Articles of Association of EBC Amro Traded Currency Fund Limited ("the Company") that the Fourth Annual General Meeting of the Company will take place on the 7th day of October, 1988 at 11 am at EBC House, 1-3 Seale Street, St. Helier, Jersey, Channel Islands for the purposes of considering and if thought fit, passing the following Ordinary Resolutions:

Resolutions

1. That the Financial Statements for the period ended 31st March, 1988 together with the Report of the Directors and the Auditors thereon be received, approved and adopted.
2. That Messrs. Coopers & Lybrand who have signified their willingness to continue in office be and are hereby appointed the Auditors of the Company for the ensuing year and that the fee payable to them in respect of the year to 31st March, 1989 be determined by the Directors.

By order of the Board
EBC Trust Company (Jersey) Limited
Secretary

Dated the 9th day of September, 1988.

NOTES
1. The holder of a Continental Depositary Receipt ("CDR") may exercise his voting rights by depositing the CDR at the office of Amsterdam Depositary Company N.V., 172 Spuistraat, 1012 VT Amsterdam, The Netherlands (the "Depositary") and by instructing the Depositary as to the exercise of the voting rights attached to the Shares evidenced by such CDR. In the absence of such instructions, the Depositary will exercise such voting rights or refrain from doing so, as it thinks fit in the interests of the holder.
2. There are no service contracts with the Directors.

BRITOIL FINANCE B.V. (the "Issuer")

NOTICE

to the holders of the outstanding U.S. $125,000,000 11⅞ per cent. Notes Due 1990 (the "Notes") of BRITOIL FINANCE B.V. of the

EARLY REDEMPTION ON 15th OCTOBER, 1988 of all the Notes by the Issuer

In accordance with Condition 5 of the Notes, the Issuer will redeem all of the Notes then outstanding on 15th October, 1988 (the "Redemption Date"). The Notes will be redeemed at 100½% of their principal amount together with interest accrued to (but excluding) the Redemption Date (the "Redemption Amount") at the specified office of any of the Paying Agents listed below against surrender of Notes on or after 17th October 1988 (being the first business day after the Redemption Date) together with all unmatured Coupons, failing which the amount otherwise payable in respect of any missing unmatured Coupon(s) will be deducted from the Redemption Amount.

Interest on the Notes will cease to accrue from the Redemption Date. The Coupon maturing on 15th October, 1988 should be presented for payment in the usual manner.

Citibank N.A. Citibank House 336 Strand London WC2R 1HB	Citibank N.A. Avenue de Tervueren 249 B-1150 Brussels Belgium
Citibank N.A. 111 Wall Street New York, NY10043, USA	Citibank (Luxembourg) S.A. 16 Avenue Marie Thérèse Luxembourg

Citicorp Investment Bank (Switzerland)
Bahnofstrasse 63
CH-8021
Zurich, Switzerland

13th September, 1988 — Britoil Finance B.V.

UK COMPANY NEWS

Myson disappoints with £8.6m

By Fiona Thompson

MYSON GROUP, boiler and radiator manufacturer, yesterday reported a 14.7 per cent increase in pre-tax profits from £7.5m to £8.6m for the six months to June 30, on turnover 8.5 per cent higher at £78.07m.

"We have managed to get volumes up, which pleased us, but we were disappointed that we didn't get better margins," said Mr Ray Wheeler, chairman. At the trading level, profits rose from £8.06m to £8.86m.

"There was a lot of price competition. Despite raw material costs going up, prices didn't start to rise until June. The increase, about 4 per cent, was the first rise in two years. Also, our wage bill went up."

Myson has about a 20 per cent share of the £275m domestic boiler market and a 30 per cent share of the £160m radiator market. Boilers – gas, oil and warm air – account for a quarter of Myson's sales; radiators, both domestic and industrial, another quarter; and pumps 15 per cent. The balance comes from the sale of gas fires and gas water heaters, air conditioning, electric fan heaters and towel rails, and a range of heating systems.

Residential products brought in about £60m of the total turnover, industrial the remainder. Margins are much better on the residential side, though industrial margins are slowly improving, according to Mr Wheeler. On new products, the cast iron boiler was making good progress and the combination boiler had started well.

Interest payable was cut from £556,000 to £247,000. Tax took £2.98m (£2.55m). Earnings per share rose from 5.22p to 6.51p and an interim dividend of 2.3p (2p) was declared.

● **COMMENT**

The City was somewhat disappointed with these results and the shares fell 9p to close at 162p last night. Myson's margins appear to have been squeezed rather harder than expected. The cost of raw materials – especially steel – rose and, because of the buoyant demand for radiators and boilers, the assumption was that Myson would recoup this through price increases. However this did not happen, at least in the first half, although it has now. The worry for Myson, with the vast majority of its business in repair and refurbishment rather than new building, is that higher interest rates might discourage people from carrying out non-vital repairs. There is no sign that demand is decreasing, but yesterday's poorish figures have resulted in analysts downgrading their full-year forecasts to about £18m, putting the shares on a prospective p/e of 9, fair.

Slow growth in first half at W Canning

By Richard Tomkins, Midlands Correspondent

PROFITS GROWTH at W Canning, the Birmingham-based speciality chemicals and industrial distribution group, slowed in the first half of 1988 following a sharp fall in the contribution from Medserv, its US medical services associate.

Group pre-tax profits rose by 6 per cent from £3.3m to £3.51m in the half-year to June. Earnings per share growth was also modest at 4.8 per cent (from 10.4p to 10.9p), but the interim dividend is raised from 1.3p to 1.5p.

Last September Canning sold off all but 44 per cent of its stake in Medserv, turning the subsidiary into an associate. Canning's latest figures therefore include none of Medserv's sales – group turnover accordingly fell from £54.3m to £39.8m – and only 44 per cent of its pre-tax profit.

Medserv's profit in any case dropped from £2.3m to £700,000 because of reorganisation costs following an acquisition, so its contribution to Canning fell from £2.3m to £308,000.

This downturn was offset by strong performances from speciality chemicals, which increased profits from £1.2m to £1.8m, and industrial distribution, which rose from £489,000 to £1.5m. Proceeds from the Medserv sale also cut the interest charge.

● **COMMENT**

If Medserv's contribution to Canning's first half was even less than some expected, that is perhaps a vindication of Canning's decision to cut its stake rather than grounds for criticising the group's overall performance. The latter, though superficially limp, was badly distorted by the comparison with last year's differently shaped group, and it will take the full year figure to demonstrate how strong the underlying performance remains. If the likely £7.8m pre-tax transpires, earnings of 24p will be 25 per cent up on the previous year's, putting the shares at yesterday's 215p on an undemanding p/e of 9. Canning has set itself an ambitious target in aiming to double its market capitalisation by the end of 1990, and may not necessarily achieve it but it has not ground to a halt yet.

Domestic move for Caird

By Clay Harris

CAIRD GROUP, waste disposal company, is moving into domestic refuse collection for the first time by supporting a start-up operation which plans to tender for local authority contracts.

Mr Peter Linacre, chairman, said Caird was investing £150,000 for a 60 per cent stake in Cheltenham-based Enviroman, which would be seeking contracts initially in the West of England.

Enviroman will be run by Mr Charles MacKay-Davidson, who has more than 20 years' experience in waste management in South Africa. He and other partners will be able to increase their minority stake in Enviroman to 60 per cent, depending on profits over a three-year period.

Caird yesterday also said it had increased its stake in Leigh Interests, Midlands-based waste disposal company, from 5.5 per cent to 6.2 per cent with market purchases at 194p and 195p.

AmBrit option granted

By Fiona Thompson

AN OPTION to acquire a 70.3 per cent stake in AmBrit International, the USM oil and gas development and property company, has been granted to oil businessmen Mr Ian Parker, Mr Alan Russell, and Mr Graeme Thomson.

AmBrit of the US, parent company of AmBrit International, has granted the option, exercisable at any time up to December 31, to buy 20.6m of its 23.49m shares at 21p.

International also said it is having talks with its parent about the sale of AmBrit Development Corp, International's wholly owned subsidiary, to the US company. International would use the proceeds of the sale to reduce its debt to its parent, currently standing at $3.8m.

The principal assets of the development company are a joint venture interest in a Vero Beach, Florida, harbour development, and a 90,000 sq ft office building in St Petersburg, Florida.

Buoyant house sales help Cala to £6.85m

By James Buxton, Scottish Correspondent

CALA, the Edinburgh-based company which builds executive homes in many parts of Britain, yesterday reported a 56 per cent rise in pre-tax profits to £6.85m for the year to June 30 1988, compared with £4.38m in 1987.

The company attributed the increase to the buoyant house sales market, and to the fact that it is now getting the benefit of investments made in recent years in new regions. All operating units performed ahead of expectations, Cala said.

Cala is raising its dividend for the year by 25 per cent to 2.75p per share. Earnings per share were 14.45p, an increase of 40 per cent on 1987.

Turnover was up by 37 per cent at £58.15m. Thanks to a very strong market for house sales Cala's more mature housing subsidiaries showed a rise in profits from £4.1m to £6.3m.

Mr Geoffrey Ball, chairman, said he expects further improvements in the current year, especially from its Midlands, Strathclyde and Western subsidiaries, and from property development. He said that the company was partially 'insulated' against any fall in house prices in the southeast because it had sold forward 50 per cent of its houses there.

Though Cala says market conditions are likely to become less buoyant, it points to borrowings which at June 30 amounted to £3.1m, ten per cent of shareholders' funds.

● **COMMENT**

Though the housebuilding sector is currently overshadowed by high interest rates, Cala is not heavily borrowed, is not burdened by having a large land bank and is operating in parts of the country where growth prospects are still good. It successfully weathered the recent collapse of house prices in its original home town of Aberdeen. Its property development subsidiary, accounting for a tenth of sales, doubled profits last year and should continue to improve. Analysts are agreed in forecasting pre-tax profits of £10m this year, making earnings per share of 18.6p. Despite profits that were higher than expected, the shares were marked down 3p to 145p yesterday, giving a prospective p/e of 7.8. That seems to reflect doubts about the sector than about Cala itself.

Sheldon Jones

Sheldon Jones, manufacturer of animal feeds and supplier of crop products, suffered a drop in pre-tax profits from £752,000 to £433,000 in the year to May 31. Turnover at this USM-quoted company slipped to £14.26m (£15.32m) and earnings fell to 7.5p (9.9p) per share. The final dividend is maintained at 3.3p to make an unchanged total of 4.65p.

COMPANY NEWS IN BRIEF

EALING ELECTRO-OPTICS: Offer from 600 Group accepted in respect of 9.51m shares (90.5 per cent). A cash alternative has been elected for in respect of 3.3m shares (12.6 per cent).

HYMAN (polyurethane foam converter and manufacturer): Interim dividend 0.9p (0.75p). Turnover £21.53m (£15.31m) and pre-tax profits £1.05m (£952,000) for first half of 1988. Earnings per 5p share 1.65p (2.08p).

LILLESHALL (steel, fasteners and engineers' tools distributor): Interim dividend 1p (0.375p adjusted) for six months to July 2. Forecast final no less than 1.5p. Turnover £10.06m (£7.16m restated) and pre-tax profits £648,000 (£279,000). After tax of £196,000 (£75,000), earnings per 10p share 6.5p (3.4p) basic and 5.9p (3p) fully diluted.

MAGNETIC MATERIALS Group: Final dividend of this USM-quoted company maintained at 2p for unchanged total of 2.9p for year to June 30. Turnover £15.08m (£14.76m). Net interest receivable £3,000 (£213,000) and pre-tax profits £555,000 (£1.76m). After tax of £194,000 (£433,000), earnings per 10p share 2p (7.5p).

MERIVALE MOORE raised pre-tax profits by 52 per cent to £9.66m in the year to June 30 on turnover ahead 29 per cent from £23.55m to £30.5m. The investment holding company had an extraordinary credit of £2.6m (£203,000). Earnings per 5p share came out at 46.2p (32.1p). A final dividend of 4.75p makes a total of 7p (4.5p).

NEWAGE TRANSMISSIONS paying interim dividend of 1.2p on September 28, following unconditional offer by Williams Holdings.

NEWEY GROUP – Pre-tax profit for six months to July 1 £975,000 (£899,000) on turnover of £11.93m (£10.08m).

SCOTTISH INVESTMENT Trust raised net asset value 9.5 per cent from 154p to 168.7p in the nine months to July 31. Total assets rose from £479.6m to £502.8m. Gross investment income advanced 29 per cent to £13.37m (£10.39m), leading to a 35 per cent jump in pre-tax revenue to £8.5m (£6.3m).

SPHERE INVESTMENT Trust net asset value at June 30 was 75.2p against 112.9p at the end of September 1987 or against 65.5p six months' earlier. Earnings per share 0.78p (1.8p). Interim dividend is unchanged at 0.875p.

VERSON INTERNATIONAL Group has acquired assets of Daniel Smith of Wolverhampton from Rega Holdings for £450,000 cash.

SHARE STAKES

Armour Trust- Following share purchases made last week, Grand Central Investment Holdings is interested in 1.64m ordinary (6.8 per cent).

Marling Industries- Melton Medes Group and Mr N.R. Purt now hold 3.85m ordinary (13.2 per cent). Following recent open offer, Legal and General Assurance Society now holds 2.25m ordinary (8.155 per cent).

Newman Tonks Group- Scottish Amicable Investment Managers hold 3.18m ordinary (5.01 per cent).

Perry Group- Funds under management of Scottish Amicable Investment now control 1.47m ordinary (8.01 per cent).

Schroder Global Trust- British Empire Securities and General Trust holds 4.33m ordinary (12.026 per cent). As a result of disposals, London and Manchester Group is interested in 1.62m ordinary (4.507 per cent).

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling recovers earlier losses

STERLING SHRGGED off a slightly easier tne, seen after tha release of UK economic data, to finish unchanged from Friday's close. Retail sales rose 0.5 p.c. in August compared with July's 2.1 p.c. increase while output prices were higher by 0.4 p.c. Input prices in August showed no change from July.

Dealers agreed that it was still too early to see if the steady rise in base rates rates was working to contain consumer demand and many institutional investors are likely to wait until the release of UK money supply and trade figures, later this month.

The pound's exchange rate index opened at 75.6, and touched a low of 75.5 at noon, before recovering to finish unchanged from Friday's close at 75.7. Sterling finished at $1.6960 from $1.6970 and DM3.1300 compared with DM3.1400. It was also slightly weaker against the yen at Y226.25 from Y226.75. Elsewhere it closed at FFr10.6475 from FFr10.6775 and SFr2.6350 from SFr2.6500.

The dollar was confined to a narrow range. Its early improvement in Europe reflected an unwinding of positions taken ahead of the weekend, but the axtent of its improvement was restricted by central bank intervention, although the latter was on a relatively modest scale. A contraction in Japan's trade surplus in August gave underlying support, but there is really little incentive to trade until the July trada figures are known.

Tha dollar closed at DM1.8450 from DM1.8500 and Y133.40 against Y133.60. Elsewhere it finished at SFr1.5535 from SFr1.5620 and FFr6.2775 against FFr6.2925. On Bank of England figures, the dollar's exchange rate index eased to 98.8 from 99.0.

Intervention by the Bundesbank in Frankfurt, helped to control the dollar's rise. The US unit rose to DM1.8474 at the fixing from DM1.8446 on Friday, although this was below a high of around DM1.8520 touched earlier. At the fixing the Bundesbank sold a nominal $8.5m.

Elsewhere, the D-Mark improved to Y72.30 from Y72.23 on Friday. Nevertheless dealers retained their bullish optimism for the yen over the longer term, and suggested that any attempt to push the D-Mark below the Y72.00 was likely to held up, until after the release of US trade figures tomorrow.

In Paris, the French franc showed little reaction to the authorities' decision to leave intervention rates unchanged. Dealers reported little downward pressure on the franc, although the French unit finished on a slightly weaker note. However, some D-Mark positions were unwound soon after the start of trading, as it became obvious that no realignment of EMS parities was likely this week. Central banks usually make changes to the system over a weekend, and in times of uncertainty, this results in many short-term investors switching into the D-Mark ahead of the weekend - on the assumption that any realignment would most likely include a D-Mark revaluation - and then switching out on Monday, after no announcement over the weekend.

FT GUIDE TO WORLD CURRENCIES, Page 32.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept.12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4675	+2.38	+1.05	±1.5344
Danish Krone	7.85212	7.96310	+1.41	+0.08	±1.5404
German D-Mark	2.05853	2.07162	+0.64	-0.69	±1.0981
French Franc	6.90403	7.04294	+2.01	+0.68	±1.3674
Dutch Guilder	2.31943	2.33818	+0.81	-0.52	±1.5012
Irish Punt	0.768411	0.772341	+0.51	-0.82	±1.6684
Italian Lira	1483.58	1547.54	+4.32	+3.51	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept.12	Latest	Previous Close
£ Spot	1.6950-1.6960	1.6955-1.6965
1 month	0.45-0.44pm	0.46-0.44pm
3 months	1.55-1.53pm	1.55-1.53pm
12 months	5.13-5.08pm	5.10-5.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

*Selling rate.

POUND SPOT- FORWARD AGAINST THE POUND

Sept.12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6895 - 1.7000	1.6955 - 1.6965	0.45-0.42cpm	3.08	1.56-1.51pm	3.62
Canada	2.0945 - 2.1035	2.0995 - 2.1005	0.29-0.16cpm	1.29	0.98-0.81pm	1.70
Netherlands	3.52½ - 3.54¼	3.52½ - 3.53½	1¾-1½cpm	5.74	5¾-5½pm	6.37
Belgium	65.55 - 65.90	65.65 - 65.75	28-17cpm	4.11	82-67pm	4.54

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates lower

YESTERDAY'S economic data on retail sales and production costs left the London money market in a relaxed mood. The figures were broadly in line with expectations, and interest rates shed a sixteenth of a point as sterling finished steady.

The key three-month interbank rate was quoted at 12⅛-12 p.c. down from 12$\frac{3}{16}$-12$\frac{1}{16}$ p.c. on Friday, while the one year rate aased to 12$\frac{7}{16}$-12$\frac{5}{16}$ p.c. from 12½-12¼ p.c.

The Bank of England forecast a surplus of around £550m, with factors affecting the market including repayment of any late assistance and bills maturing in official hands, together with a take up of Treasury bills draining £134m. These were more than offset by Exchequer transactions, which added £290m, and a fall in the note circulation of £445m. In addition, banks brought forward balances a nominal £5m above target.

There was no intervention by the Bank during the morning. The Bank took out the surplus in the afternoon, by selling £564m of Treasury bills at 9⅞-10 p.c., maturing on Thursday.

Short-term interest rates in Frankfurt were higher, as commercial banks were facing a major corporate tax deadline. Sentiment was also affected by further operations by the Bundesbank in currency markets taking D-Marks out of the system and selling dollars.

Call money moved up to 4.95 p.c. - close to the Lombard rate of 5 p.c. - and up from 4.80 p.c. on Friday. Latest figures show that banks' reserve holdings at the Bundesbank fell to DM54.8bn last Thursday.

Dealers are hopeful that the Bundesbank will make a generous allocation at this week's sale and repurchase tender, with only DM4.1bn leaving the market as a previous facility expires.

In Paris, the Bank of France left its money market intervention rate unchanged.

Recent pressure on the French franc - touching a record low against the D-Mark - led some traders to suggest that a further attempt would be made to re-establish the differential over West German rates enjoyed before the Bundesbank pushed its own rates firmer earlier this year.

However, others pointed out that the Bundesbank had acted at a time when the dollar was pushing the D-Mark weaker, and since then, the D-Mark has recovered. In addition, the French authorities are probably unwilling to take any action which may upset Thursday's meeting of G7 finance ministers in Paris.

UK clearing bank base lending rate 12 per cent from August 25 & 26

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES

Bond prices edge firmer

LONG GILT futures finished on a firmer note in yesterday's Liffe market, after a rather uninspiring trading session. UK data on retail sales and industrial output prices failed to provide any fresh impetus, but investors were heartened by sterling's steady tone and a small reduction in cash interest rates.

The December long gilt closed at 93-23 against 93-14 at the opening and 93-16 on Friday. Trading volume was less than 10,000.

Three-month sterling deposits were slightly more active, and also finished the day on a stronger note. The argument ran that for the time being, the authorities are more likely to use direct intervention in currency markets as a means of supporting sterling, rather than increase base rates - at least until UK trade figures are released at the end of the month.

US Treasury bonds showed gains from Friday's close, but finished below their best levels in very thin trading.

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Oct	Puts-settlements Sep	Puts-settlements Oct
16000	1420	—	0	—
16500	923	1148	3	33
17000	464	727	44	112
17500	147	398	227	283
18000	24	184	604	569
18500	2	70	1082	955
19000	0	22	1580	1407

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 3 Puts 130

LIFFE £/$ OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING

PHILADELPHIA SE £/$ OPTIONS

LONDON SE £/$ OPTIONS

LONDON (LIFFE)

CHICAGO

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6429	0.6435	0.6416	0.6407
Dec	0.6505	0.6512	0.6493	0.6482
Mar	0.6573	0.6575	-	0.6550
Jun	0.6635	0.6635	0.6635	0.6632

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	266.95	267.15	266.50	266.75
Dec	269.25	269.45	268.70	269.00
Mar	271.70	271.70	271.30	271.35
Jun	273.50	273.50	-	273.15

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

Benchmark Bank PLC	12	● Hill Samuel	§12	Yorkshire Bank	12
Berliner Bank AG	12	C. Hoare & Co.	12		
Brit Bk of Mid East	12	Hongkong & Shangh	12		
● Brown Shipley	12	● Leopold Joseph & Sons	12		
Business Mtge Tst	12½	Lloyds Bank	12		
CL Bank Nederland	12	Meghraj Bank Ltd	12		
Central Capital	12	McDonnell Douglas Bnk	12.5		
● Charterhouse Bank	12	Midland Bank	12		
Citibank NA	12	Mount Bnkg Corp.	12		
		Nat Bk. of Kuwait	12		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.16%. Top Tier-£10,000+ Instant access 9.0% & Mortgage base rate. § Demand deposit 7%. Mortgage 11.375% - 11.75%

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5	£15.20	£15.47	16.33	–	2.70
Progressive Acc	5	£21.33	£21.72	22.92	–	2.70
International Inc	5	£15.75	£15.75xd	16.62	–	2.00
International Acc	5	£19.84	£19.84	21.94	–	2.00
Can & Foreign Inc	5	187.1	187.1	197.5	–	2.34
Can & Foreign Acc	5	208.5	208.5	220.1	–	2.34
Special Sits Inc	5	160.0	160.0	168.9	+1.9	2.04
Special Sits Acc	5	160.0	160.0	168.9	+1.9	2.04

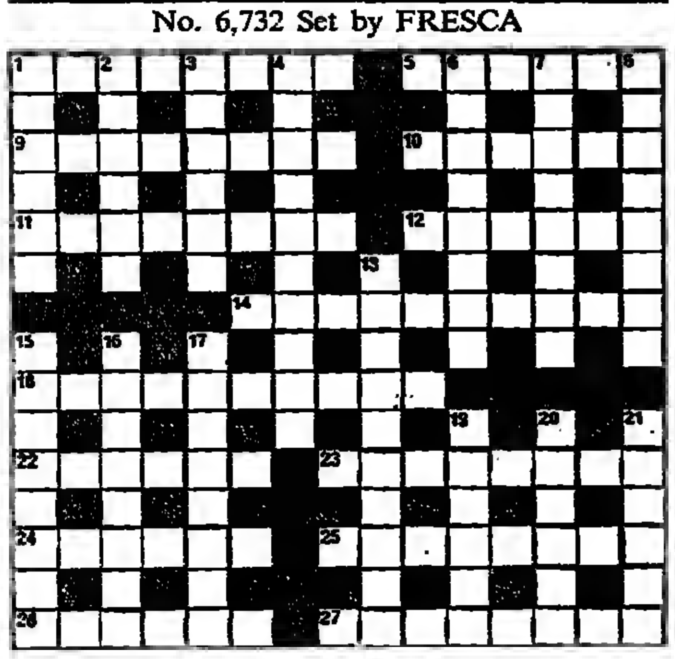
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½	171.5	182.6	194.2	.....	1.61
Brewin Dividend	5½	92.20	96.73	102.9	.....	6.07
Brewin Int Gth Inc	5½	198.9	208.9	222.2	.....	3.69

JOTTER PAD

CROSSWORD

No. 6,732 Set by FRESCA



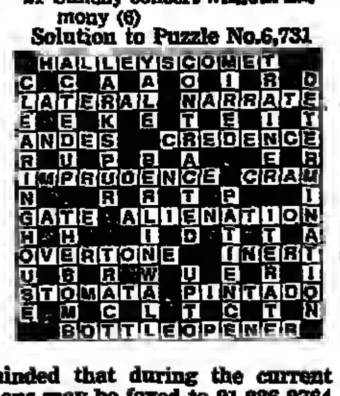
ACROSS

1 Smelling sweet, it makes one think about Mum (8)
5 Number one tea brewer putting work first (6)
9 One doctor holds favourite soldier back – skin trouble? (8)
10 American island retreat capable of exploitation (6)
11 Turning inside out? Always can – by force (8)
12 Live, a little bird departed hurriedly (4,2)
14 Parliamentarian observed cutting grass – recalled (10)
18 Custodian: one nosing about castle (4-6)
22 Many dance extremely prettily – though considerably ruffled surface-wise (6)
23 Firing one and possibly noting one (8)
24 Artist breaking spy's spirit (6)
25 Inspiration failing – FA's fault? (8)
26 Untidy state of nature? (6)
27 Fictional rogue's tart filled with powder by Frenchman (8)

DOWN

1 Quiet old poet's first book (6)
2 Doll with lots of hair to fondle (6)
3 Nod the head at end of lecture (6)
4 Propagated according to *planned need – though* without sex (10)
6 Went beyond historical purchase, we hear (6,2)
7 Judges the cooking of rarebits (8)
8 Balanced diet devised after tea? (8)
13 Gun fever out around East Lothian starting to get vindictive (10)
15 Astronaut calls holding headgear upside-down (8)
16 Well-protected redhead in love with journalist (8)
17 Chaplain – one involved in heavenly plan (3,5)
19 Orchestral flowers? (6)
20 *Cut out in obscure saying* (6)
21 Sunday concert without harmony (6)

Solution to Puzzle No.6,731



Prize puzzles: Solvers are reminded that during the current *postal delays prize puzzle solutions may be faxed to 01-236 9764* or telexed to 8954871.

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

ملتقط من الأصل

FT UNIT TRUST INFORMATION SERVICE

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 459161						
Equity Dist	5	313.6	318.5	337.0	+3.4	3.10
Equity Acc	5	402.5	408.8	432.6	+4.4	3.10
Fixed Int Dist	5	115.1	117.2	121.4	-	9.20
Fixed Int Acc	5	204.1	207.7	215.2	-	9.20
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants. SP10 1RE 0264 63434						
TSB American	5	98.79	98.79	105.01	+0.80	2.17
Do Accum	5	106.03	106.03	112.70	+0.81	2.17
TSB Brit Growth	5	52.43	52.57	55.93	+0.75	3.22
Do Accum	5	54.13	54.28	57.74	+0.77	3.22
TSB European	5	48.84	49.00	52.13	+0.25	1.18
Do Accum	5	50.16	50.34	53.55	+0.25	1.18
TSB Extra Income	5	139.49	141.77	150.82	+0.85	5.97
Do Accum	5	180.70	183.00	194.68	+1.10	5.97
TSB Smaller Cos	5	51.26	52.87	56.24	+0.20	1.22
Do Accum	5	52.17	53.81	57.24	+0.18	1.22
TSB General	5	167.59	168.39	179.14	+2.71	3.50
Do Accum	5	290.10	291.48	310.09	+4.83	3.50
TSB Gilt & Fxd Int	3¼	46.68	46.68	48.28	+0.01	9.13
Do Accum	3¼	70.48	70.48	72.90	+0.03	9.13
TSB Income	5	248.83	250.55	266.54	+4.01	5.25
Do Accum	5	415.91	418.80	445.53	+4.71	5.25
TSB Pacific	5	202.30	203.30	216.28	-0.12	0.32
Do Accum	5	210.33	211.38	224.87	-0.12	0.32
TSB International	5	315.20	316.18	336.36	+1.53	1.04
Do Accum	5	346.49	347.72	423.11	+1.92	1.04
TSB Nat Resources	5	59.43	60.00	63.83	+0.78	1.43
Do Accum	5	62.46	63.06	67.09	+0.78	1.43
TSB Sitd Opps	5	75.42	76.42	81.29	+1.57	2.46
Do Accum	5	86.07	87.20	92.77	+1.79	2.46
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000 Dealing: [illegible]						
American Eagle	5	62.94	62.94	[illegible]	[illegible]	[illegible]
Australia	5	7.271	7.271	[illegible]	[illegible]	[illegible]
Commodity	5	72.76	72.76	[illegible]	[illegible]	[illegible]
Convertible	5	139.2	139.2xd	150	-0.2	[illegible]
Equity	5	142.2	142.2	153.5	[illegible]	[illegible]
Euro Spec Sits	5	76.31	76.31	[illegible]	+0.25	[illegible]
Financial	5	29.15	29.15xd	[illegible]	[illegible]	[illegible]
Global Opps Inc	5	54.84	54.84	59.14	+0.17	[illegible]
Global Opps Acc	5	54.84	54.84	59.14	+0.17	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Pens (Acc)	52.8	56.31	-0.4	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmpt Sept 7	39.5	41.0	+0.0	2.24
Euro Exmpt Sept 7	39.0	40.9xd	+0.0	3.21
Fixed Int Ex Sept 7	48.2	50.4	+0.0	9.89
Japan Exmpt Sept 7	50.5	52.5	+0.0	0.46
Managed Ex Sept 8	38.3	39.8	+0.0	4.61
SE Asia Exmpt Sept 7	36.3	38.6	+0.0	1.97
Sm Cos Exmpt Sept 7	42.7	44.8	+0.0	2.85
UK Eqty Ex Sept 7	34.9	36.6xd	+0.0	4.2
New Court Property Fund Managers				
NC Property	189.5	199.5	-	-
Phillips & Drew Fund Management Ltd				
PDFM Small Co Fd	771.0	817.0	-	3.75
Do Accum	795.0	844.0	-	3.75
PDFM Int Exmpt Sept 8	123.0	125.7	-	2.63
J. Rothschild Fund Managers Ltd				
Intl Exempt	93.60	92.75	-	2.98

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
Investment Magt. M & G Inv Magt Ltd				
AA Friendly Sy Aug 12		134.9	-	-
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	257.5	271.1	-	-
Equity Ser. 1	109.1	114.9	+0.6	-
Prop. Acc. Ser 2	372.9	392.6	-	-
Equity Ser 2	123.8	130.4	+0.8	-
Selective Acc	283.0	297.9	+0.7	-
Prop. Ser. 4	293.2	308.7	-	-
Equity Ser. 4	128.5	135.3	+0.7	-

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or −	Yield Gross
Life Assurance Funds				
Wealth Assd.	380.8	400.9	+1.0	–
Eb°r Ph. Eq.	344.2	366.6	—	–
Pension Plus Funds				
Phoenix				
UK Equity Acc.	163.0	171.5	+0.4	–
International Acc.	139.7	147.0	+0.5	–
Property Acc.	147.2	154.9	—	–
Fixed Interest Acc.	153.9	162.0	+0.1	–
Money Acc.	143.7	151.2	—	–
Bldg. Soc. Link Acc.	140.6	147.9	+0.1	–
Special Mngd. Acc.Q.	149.6	157.4	+0.3	–
Phoenix/Framlington				
Intl Growth Acc.	87.40	91.90	+0.30	–
Am. Smlr. Cos. Acc.	88.00	92.60	+0.70	–
Capital Tst. Acc.	170.0	178.9	−0.1	–
Japan & Gen Acc.	189.6	199.5	+0.3	–
American Turn. Acc.	96.60	101.6	+0.9	–
Recovery Tst. Acc.	175.0	184.2	+1.5	–
Special Mngd Acc.	146.4	154.1	+0.4	–
Phoenix/GT				
International Acc.	131.8	138.7	+0.5	–
US & General Acc.	87.70	92.30	+0.70	–
Amer Spec Sits Acc.	66.50	70.00	+1.10	–
Japan & General Acc.	192.5	202.6	+1.9	–
Far East & Gen. Acc.	135.7	142.8	−0.7	–
UK Capital Acc.	169.1	178.0	+0.4	–
European Acc.	141.7	149.1	+1.1	–
Special Mngd. Acc.	125.6	132.2	+0.5	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Fund	258.6	272.3	—	–
Man Pens Inc & Cap Fdi.	327.1	344.4	—	–
Money Fund	114.0	120.0	—	–
Pens. Mngd Fd (Unit)	86.4	91.0	—	–
Pens Mngd Fd (Acc)	100.1	105.4	—	–
Pens FT30 Fd (Unit)	123.1	129.6	—	–
Pens FT30 Fd (Acc)	142.6	150.2	—	–
Pens O'seas MgFd(Unit)	58.6	61.7	—	–
Pens O'seas MgFd(Acc)	67.9	71.5	—	–
Pens Fxd Int. Fd (Unit)	101.6	107.0	—	–
Pens Fxd Int. Fd (Acc)	117.7	123.9	—	–
Pens Deposit Fd (Unit)	101.7	107.1	—	–
Pens Deposit Fd (Acc)	117.9	124.2	—	–

Provident Mutual Life Assc. Assn.
William Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Ord.	281.0	295.8	+0.7	–
Managed Init.	231.6	243.8	+0.6	–
Equity Ord.	389.8	410.3	+1.7	–
Equity Init.	321.2	338.1	+1.3	–
Index Linked Gilt Ord.	121.4	127.0	+0.2	–
Index Linked Gilt Init.	104.4	109.9	+0.1	–
Overseas Equity Ord.	253.7	267.1	+0.6	–
Overseas Equity Init.	209.1	220.1	+0.4	–
Property Ord.	172.3	181.4	+0.1	–
Property Init.	142.0	149.5	—	–
Fixed Interest Ord.	167.6	176.4	+0.1	–
Fixed Interest Init.	138.1	145.4	—	–
Deposit Ord.	135.8	142.9	+0.1	–
Deposit Init.	111.9	117.8	—	–
Pension Funds				
Managed Ord.	338.5	356.3	+1.1	–
Managed Init.	278.9	293.6	+0.9	–
Equity Ord.	486.4	512.0	+2.5	–
Equity Init.	400.0	421.9	+1.9	–
Pen Ind Lkd Gilt Ord.	130.8	137.7	+0.2	–
Pen Ind Lkd Gilt Init.	112.6	118.5	+0.1	–
Overseas Equity Ord.	287.1	302.2	+0.7	–
Overseas Equity Init.	236.6	249.1	+0.6	–
Property Ord.	201.9	212.5	+0.1	–
Property Init.	166.4	175.2	+0.1	–
Fixed Interest Ord.	190.2	200.2	+0.2	–
Fixed Interest Init.	156.0	165.1	+0.1	–
Deposit Ord.	169.7	178.6	+0.2	–
Deposit Init.	139.8	147.2	+0.1	–

For Provincial Life Ass Co Ltd see Prolific Life & Pensions Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or −	Yield Gross
Pendond				
Managed Sept 7	204.0	222.6	—	–

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or −	Yield Gross
Holborn Series 1 Life Funds				
Managed	432.1	454.9	+0.1	–
Equity	856.6	901.7	+0.8	–
Fixed Interest	368.3	387.7	+0.1	–
Property	353.2	371.0	+0.1	–
Cash	245.5	258.5	+0.1	–
International	300.8	314.7	+1.1	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99	83	Redemption 3pc 1986-96	99¼xd	.....	–	–
100¼	99	Treas. 9½pc '88	99	.....	9.53	11.44
102	99	Treas 11½pc 1989	99	.....	11.51	11.54
101	98	Treas 9½pc Cnv 1989	98xd	+	9.60	11.54
97	95	Treas 3pc 1989	96	+	3.12	9.25
102	99	Treas 10½pc 1989	99	+	10.59	11.61
102	98	Exch. 10pc 1989	98	+	10.13	11.54
103	99	Exch 11pc 1989	99xd	+	11.04	11.38
97	94	Treas 5pc 1986-89	94xd	+	5.27	10.02
104	98	Exch 10¼pcCv '89	99	+	10.35	11.09
107½	102	Treas 13pc 1990‡‡	102	.....	12.66	10.69
104	100	Exch 11pc 1990‡‡	100	+	10.95	10.58
107	102	Exch. 12½pc 1990	102xd	+	12.20	10.76
93	90	Treas. 3pc 1990	90	+	3.31	9.178
99	95	Treas 8¼pc 1987-90‡‡	96	+	8.57	10.63
102	95	Treas. 8pc Cv 1990 ‡‡	96	+	0.28	10.06
103	98	Treas. 10pcCv 1990	98	+	10.15	10.76
91	87	Exch 2½pc 1990	87½	+	2.86	8.89
107	101	Treas 11¾pc 1991	101	+	11.52	10.70
95	90	Funding 5¾pc '87-91‡‡	90½xd	+	6.35	10.06
90	86	Treas. 3pc 1991	86¼	.....	3.48	8.94
105	98	Treas 10pc Cv '91 ‡‡	98	+	10.12	10.49
107	100	Exch. 11pc 1991	100	+	10.89	10.60
98	92	Treas. 8pc 1991	93	+	8.60	10.58
113	105	Treas 12¾pc 1992‡‡	106	+	12.01	10.51
104	98	Treas 10pc 1992	98	+	10.13	10.45
98	92	Treas. 8pc 1992 ‡‡	92xd	+	8.62	10.47
106	99½	Treas 10½pc Cv 1992‡‡	99	+	10.50	10.48
86	82	Treas. 3pc 1992	82	+	3.65	8.64
112	104	Exch. 12¼pc '92	105	+	11.61	10.50
117	108	Exch 13½pc 1992	109xd	+	12.33	10.54
97	91	Treas 8¼pc 1993	92	+	8.93	10.42
105	97	Treas 10pc 1993‡‡	98xd	+	10.14	10.39
115	107	Treas 12½pc 1993‡‡	107	+	11.63	10.46

Five to Fifteen Years

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93	88	Funding 6pc 1993‡‡	88xd	.....	[illegible]	8.90
121	112	Treas 13¾pc 1993‡‡	112	+	12.21	10.51
101	91	Treas. 8½pc 1994	92	+	[illegible]	10.41
44	41	Tr 8½pc 1994 'A' (50% pd)	42	+	[illegible]	10.43
125	115	Treas 14½pc 1994‡‡	116	+	[illegible]	10.44
120	111	Exch 13½pc 1994	112	+	[illegible]	10.58
105	98	Treas. 10pc Ln. 1994‡‡	98	+	[illegible]	10.30
116	107	Exch. 12½pc 1994	108	+	[illegible]	10.56
101	93	Treas 9pc 1994‡‡	94	+	[illegible]	10.25
114	105	Treas 12pc 1995	106	+	[illegible]	10.50
83	78½	Exch 3pc Gas 90-95	81	.....	[illegible]	6.58
106	98	Exch. 10¼pc 1995	99	+	[illegible]	10.35
120	111	Treas 12¾pc 1995‡‡	111	+	[illegible]	10.38
126	116	Treas. 14pc '96	117	+	[illegible]	10.50
101	93	Treas. 9pc 1992-96‡‡	94½xd	+	9.54	10.09
133	123	Treas 15¼pc 1996‡‡	124	+	12.24	10.47
123	114	Exch 13¼pc 1996‡‡	114	+	11.54	10.38
105	97	Conversion 10pc 1996	98	+	10.17	10.28
124	115	Treas 13¼pc 1997‡‡	115	+	11.44	10.38
108	100	Exch 10½pc 1997	101	+	10.37	10.27
98	91	Treas 8¾pc 1997‡‡	92	+	9.49	10.09
134	125	Exch 15pc 1997	125	+	11.92	10.51
104	96	Exch. 9¾pc 1998	97	+	10.03	10.21
87	81	Treas 6¾pc 1995-98‡‡	82	+	8.24	9.66
140	130	Treas. 15½pc '98‡‡	131¼xd	+	11.80	10.40
118	109	Exch. 12pc 1998	110	+	10.86	10.29
103	95	Treas 9½pc 1999‡‡	96	+	9.81	9.97
120	111	Exch. 12¼pc 1999	112xd	+	10.90	10.29
109	101	Treas. 10½pc 1999	102	+	10.29	10.18
107	99	Conversion 10¼pc 1999	100	+	10.20	10.17
100	86	Treas. 8½pc Ln 2000‡‡	90	+	9.40	9.91

BRITISH FUNDS—Contd

Undated

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
44	41	Consols 4pc	42	+	9.40	–
39	37	War Loan 3½pc‡‡	37	+	9.26	–
56½	48	Conv. 3½pc '61 Aft	56½xd	+1	6.24	–
33	30	Treas. 3pc '66 Aft	31xd	.....	9.47	–
28	26	Consols 2½pc	26xd	.....	9.35	–
28	26	Treas. 2½pc	26xd	.....	9.35	–

Index-Linked

1988 High	1988 Low	Stock (b)	Price £	+ or –	(1)	(2)
121	117½	Treas 2pc IL '90(84.6)	120	+	1.34	3.19
103	99	Do 2pc '92‡‡(97.8)	100xd	–	2.88	3.60
96	92½	Do. 2 '94 (102.9)	92½	–	3.24	3.68
139	127	Do. 2pc '96(67.9)	136xd	+	3.28	3.61
114	103	Do 2½pc '01(78.3)	112xd	+	3.79	4.02
111	101	Do 2½pc '03(78.8)	109	+	3.83	4.03
114	102	Do. 2pc '06(69.5)	111	+	3.84	4.01
105	95	Do. 2½pc '09(78.8)	104	+	3.86	4.02
109	99	Do. 2½pc '11(74.6)	107	+	3.86	4.01
91	82	Do. 2½pc '13(89.2)	89	+	3.84	3.98
98	88	Do. 2½pc '16(81.6)	96½	+	3.80	3.94
96	87	Do. 2½pc '20(83.0)	94xd	+	3.76	3.88
81	73	Do. 2½pc '24‡‡(97.7)	78	+	3.73	3.84

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion Factor 3.945. RPI for December 1987:103.3 and for July 1988:106.7

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
109	100	African Dv Bk 11¼Ln 2010	102	+	10.82	10.78
104	96	Asian Dev Bk 10¼pcLn2009	98	+	10.39	10.41
129	120	Australia 13½pc 2010	123	+	10.96	10.72
112	103	Do 11½pcLn2015	107	+	10.62	10.57
110	103	Euro Inv Bk 11pc Ln 2002	104	+	10.92	10.43
105	98	Do. 10¼pc2004	99	+	10.41	10.41
120	112	Int-Am Dev Bk 12½pc 2003	114	+	10.96	10.56
98	91	Do. 9¼pcLn 2015	93	+	10.39	10.43
96	86	Mlysia 10¼pcLn 2009	95xd	.....	11.32	11.38
111	87	Utd. Mexican Stes 16½pc 2008	109	+	15.11	15.04

CORPORATION LOANS

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
111	100½	Birmingham 13½pc 1989	100½xd	–3	13.43	11.40
115½	101	Do. 11½pc 2012	103½xd	.....	11.11	11.10
94	87	GLC 6¾pc 1990-92	88½xd	+1	7.63	10.90
130	118½	Leeds 11½pc 2006	118½xd	–1	11.39	11.10
34	26	Liverpool 3½pc Irred	33xd	.....	10.61	–
97	91	LCC 6¾pc 88-90	92½xd	.....	7.30	11.00
31	25	Do. 3pc '20 Aft	28xd	–2	10.71	–
112	100	Manchester 11½pc 2007	102½xd	–2	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

1988 High	1988 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
93	87	NZ 7¼pc 1988-92	87	.....	8.26	11.10
207	197	S Rhod 2½pc Non-Asstd	206	.....	–	–
80	71	Do. 4½pc 87-92 Asstd	80	.....	5.63	–
130	42	Zimbabwe Ann (£100pd)	47xd	.....	–	–

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1988 High	1988 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	33	Greek 7pc Ass	45	.....	3.50	17.78
45	33	Do. 6pc 28 Stb. Ass	45xd	.....	3	16.67
45	33	Do 4pc Mixed Ass	45xd	.....	2	14.44
75	63	Hung '24 Ass	75	.....	2.75	13.67
140	128	Hydro Quebec 15pc 2011	133	+	15.00	10.98
128	118	Iceland 14½pc Ln 2016	125	+	14.50	11.46
101	95	Ireland 9¾pc '91-96	95½xd	.....	9.75	10.60

AMERICANS

1988 High	1988 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
29	22	Abbott Laboratories‡	28xd	–	$1	–	2.5
649p	405p	♦Allegheny & W 1c	428p	–14	[illegible]	–	4.1
14	862p	Amax $1	12	+	[illegible]	–	0.9
15	0	Amdahl 5c	11xd	+	[illegible]	–	0.5
31	22	Amer. Cyanamid $5	28	–	$1	–	2.5
17	11	Amer Express 60c	17xd	.....	[illegible]	–	2.6
10	668p	Amer. Medical Int. $1	907p	+1	47	–	4.3
17	13	American T & T. $1	15	+	$1	–	4.7
54	44	Ameritech $1	54	+	$5	–	5.8
28	16	Amfac1	27	.....	–	–	–
18	15	Anheuser-Busch $1	10	+	[illegible]	–	1.9
875p	360p	BankAmerica $1	869p	+7	–	–	–
23	16	Bankers N Y $1	23	+	$1.86	–	4.7
42	34	Bell Atlantic $1	41	+	$4.08	–	5.7
25	19	BellSouth Corp	23	.....	$2.36	–	5.8
15	850p	♦Bethlehem Steel $8	12	+	–	–	–
13	801p	Bio-Rad Labs. Inc. "A"	11	–	–	–	–
23	15	Bowater Inc.	17xd	.....	92c	–	3.1
16	11	Browning-Ferris 16 6c	16xd	+	48c	–	1.7
13	787p	Brunswick 75c	11	+	44c	–	2.2
28	21	CPC Intnl 25c	20½	+	$1.44	–	3.0
17	11	CSX $1	15	.....	$1.24	–	4.7
16	11	CalFed Inc $1	11	.....	$1.40	–	6.3
16	12	Campbell Soup 15c	16xd	+	84c	–	2.9
39	31	Caterpillar Inc $1	33½	+	75c	–	1.3
17	11	Chase Manhattan $12½	17xd	–	$2.16	–	7.4
19	11	Chem Banking Corpn	18	–	$2.72	–	8.6
15	11	Chrysler $6¼	13xd	–	$1.00	–	4.3
14	9	Citicorp $1	14xd	.....	$1.48	–	6.0
297p	168p	CityFed Fin Corp	183p	+2	4c	–	1.3
27	20	Colgate-Palmolive $1	25xd	–	$1.48	–	3.4
19	13	Cons Freightwys 62½c	18	+	98c	–	3.0
350p	234p	Cont'l Illinois Corp $1	339p	.....	5c	–	1.4
14p	7p	Cont Illinois Hldgs $1	7½p	+	–	–	–
425p	117p	♦Corporate Data Scnce	425p	.....	–	–	–
510p	300p	Cullinet Sftwr 1c	369p	+1	–	–	–
22	17	Dana Corp. $1	20xd	+	$1.53	–	4.3
15	10	Data General	11	+	–	–	–
140p	44p	♦Derma-Lock Med	101p	.....	–	–	–
31½	24½	Dun & Bradstreet $1	30	+	$1.74	–	3.4
49	39	Eaton Corpn 50c	44xd	+	$2.00	–	2.6
18	14	FPL Group 1c	17	+	$2.20	–	7.2
21	10	First Chicago $5	19½xd	–	$1.50	–	4.5
31	20	Ford Motor $2	29xd	+	$2.40	–	4.7
28	20	GATX 62½c	26xd	+	$1.80	–	3.9
26	20	Gen Elect 63c	24	+	$1.40	–	3.3
700p	425p	♦General Host Corp $1	582p	–7	28c	–	2.8
25	15	Gillette $1	20	+	86c	–	2.5
803p	474p	Gt Am First Svgs Bk $1	612p	+1	60c	–	5.8
19	13	Greyhound $1½	10½xd	–	$1.32	–	4.2
976p	654p	Hasbro Inc 50c	907p	–6	12c	–	0.8
812p	600p	Home Group $1	681p	+6	20c	–	–
42	28	Honeywell $1½	36½	+1	$2.10	–	3.4
22	15	Hospital Corp Am $1	20	+	72c	–	2.0
19	15	Houston Inds $	17	+	$2.96	–	10.1
75	55	IBM Corpn $1¼	67½xd	+1½	$4.40	–	3.8
20	16	IC Industries	20xd	+	96c	–	2.7
31	23	ITT Corpn $1	28	+	$1.25	–	2.5

Continued on next page

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27⅛	21¾	Texas Instr. $1	24¼	+1¼	72c	–	1.8
60¼	43¼	Time Inc. $1	56½	+⅛	$1.00	–	1.0
20⅞	15⅞	Transamerica $1	20⅞	+¼	$1.84	–	3.2
10⅛	14½	TRINOVA Corp.	15⅛	–⅛	64c	–	2.5
19	13⅛	USX $1	16⅜	+⅛	$1.20	–	4.3
23	17⅜	Utd. Technologies	21⅛	+½	$1.60	–	4.4
33½	26¼	US West	32½	–⅛	$3.52	–	6.4
23⅞	16⅞	Waste Management $1	23⅛	+⅛	48c	–	1.1
16⅛	12⅞	Whirpool $1	14¼	+⅛	$1.10	–	4.4
32⅞	18¼	♥Woolworth $3½	29⅞	+⅞	$1.64	–	3.3

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp	196p	.....	–	–	–
32p	11p	♥Abbot Energy Corp.	15½p	.....	–	–	–
14⅛	964p	♥Amer. Barrick Res.	964p	–22	–	–	–
10p	3⅛p	American Lightwave	4p	+⅛	–	–	–
47p	14p	♥Armeno	15p	.....	–	–	–
76p	45p	Augmitto Expln.	47p	.....	–	–	–
13⅞	10⅝	Bk Montreal	11⅝	.....	$2.00	–	7.1
697p	514p	Bk. Nova Scot.	696p	+7	76c	–	5.3
18⅛	15¼	BCE	17⅜	–⅛	$2.44	–	6.7
716p	591p	♥Bow Valley	642p	+1	♦40c	–	3.0
15⅝	10½	♥Brascan	12	–⅛	88c	–	3.6
328p	189p	♥Breakwater Res.	114p	.....	10c	–	2.3
11¼	801p	Can. Imp Bank	11¼	.....	$1.16	–	4.8
11½	841p	Can. Pacific	957p	–17	60c	–	3.0
41½	40	Do. 4pc Deb £100	40¼	.....	4%	–	9.9
515p	362p	Central Capital "A"	470p	+1	–	–	–
485p	411p	♥Corona Corp.	411p	–23	–	–	–
886p	288p	Cons. TVX Min.	309p	–6	–	–	–
363p	76p	Danbus Res.	363p	+1	–	–	–
686p	430p	Derlan Inds.	571p	+1	11.75c	–	1.0
14⅛	958p	♥Echo Bay Mines	958p	–28	$0.07	–	0.4
40p	15p	Energex Minerals	16p	+1	–	–	–
125p	83p	Euro-Asia Capital Ltd.	90p	+1	–	–	–
386p	222p	♥Galactic Resources	298p	+15	–	–	–
125p	90¼p	♥Geodome Res.	93p	–1	–	–	–
394p	196p	Granges Expln	198p	–13	–	–	–
17p	8½p	♥Gt Pacific Res.	8½p	.....	–	–	–
903p	652p	♥Gulf Canada	797p	+1	52c	–	3.2
12⅛	816p	♥Hawker Sid Can	10¼	–⅛	$1.08	–	5.0
590p	344p	Henlys Group	476p	+1	–	–	–
957p	785p	♥Hudson's Bay	892p	+1	60c	–	3.3
28	22⅞	♥Imperial Oil	24½	–1⅛	$1.80	–	3.6
20⅞	10¼	Inco	15¼	–⅞	US$0.80	–	3.1
718p	462p	♥Inland Nat. Gas $1	547p	+1	60c	–	5.3
250p	150p	Madeleine Mines	174p	–1	–	–	–
207p	126p	♥Muscocho Expln.	188p	.....	–	–	–
187p	65p	♥Ntnl Business Syst.	83p	+6	–	–	–
245p	110p	♥Nevada Goldfields	179p	–2	–	–	–
12	787p	♥Rio Algom	10¼	–⅛	$1.30	–	6.2
16½	11½	Royal Bk. Can.	16½	+⅛	$2.08	–	6.1
34⅝	26⅝	Seagram	32¼	+⅞	US$1.20	–	2.2
361p	166p	♥Sonora Gold Corp	167p	+1	–	–	–
121p	18p	Spiral Eng.	98p	+3	–	–	–
150p	35p	Tam Pure Tech. Corp.	114p	.....	–	–	–
17¼	11⅛	Toronto-Dom Bk.	17¼	+¼	$1.12	–	3.2
64p	12p	♥Trans Atlantic Res	12p	.....	–	–	–
684p	566p	♥Trans Can Pipe	613p	+1	68c	–	5.4
205p	127p	Varity Corp	167p	–2	8	–	–

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*243	124	ANZ SA1	231	–2	†Q21c	3.1	4.4	7.3
281	200	Allied Irish	246	–12	†Q72.9%	3.1	6.8	7.8
£13¼	£10⅞	Algemene Fl.10	£12⅞	–⅛	Q27%	1.9	6.3	–
73	58	Anglo Irish	65	.....	Q19.69%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p	82	.....	2.0	–	3.3	–
£40½	£24⅝	Banco de Bilbao S.A.	£35¼	+½	Q67.2%	3.1	4.7	6.8
£35⅝	£27¼	Banco de Santander	£30¼	+½	Q22%	2.4	1.7	24.1
*268	184	Bank Ireland Ir£1	228	–3	Q15.67%	3.3	5.8	7.1
£18½	£15	Bank Leumi	£18½	.....	–	–	–	–
350	350	Bank Leumi (U.K.)	350	.....	12.4	–	4.7	–
399	335	Bank Scotland £1	347	+2	h12.6	4.1	4.8	6.8
*65	45	Bank of Wales	59	.....	g2.8	2.6	6.3	8.5
*463	302	Barclays £1	394	+2	†19.93	3.5	6.7	5.6
38	26	Benchmark 20p	29	+1	1.63	1.6	7.5	11.4
435	345	Brown Shipley £1	350	+5	10.5	–	4.0	–
77	47	Business Mort Tst.	55	.....	–	–	–	–
394	340	Cater Allen £1	348	.....	22.5	–	8.6	–
270	175	Chancery	240	–5	6.0	2.9	3.3	13.8
£15¼	£13¼	Commerzbk DM10	£14½	.....	Q18%	–	4.1	–
£23⅛	£18	C'hgn.Hbk.Kr100	£21⅞	+⅞	†Q15%	–	5.8	–
£154⅞	£114⅛	Deutsche Bk DM50	£153⅛	+2¼	Q24%	–	2.5	–
270	195	First Nat. Fin. 10p	195	.....	†8.75	2.9	6.0	6.3
145	100	♥NFC b 3pc CvRedPref	100	.....	6.3%	–	8.4	–
33	15½	♥First Pac. Hldg. 50c	27	.....	Q2.6c	5.6	5.9	3.0
£15¼	£12¼	Fuji Bank Y50	£13¼	.....	Q14.3%	♦	0.3	♦
340	266	Gerrard & National	269	+3	18.0	–	8.9	–
136	110	Goode Durrant 5p	122	.....	a3.3	–	3.6	–
124	90	Guinness Mahon 10p	124	.....	–	–	–	–
285	217	Hambros 20p	220	.....	9.0	–	5.5	–
50	40	HK & Shang. HK$2.50	44	.....	†Q38c	–	6.5	–
440	413	Joseph (Leo) £1	420	.....	14.38	–	4.6	–
158	134	King & Shaxson 20p	136	+1	9.25	–	9.1	–
407	321	Kleinwort Benson Grp.	332	+2	14.0	–	5.6	–
317	238	Lloyds £1	287	+3	†11.2	4.6	6.1	4.5

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

Stock	Price	+or-	Div Net	C'vr	Gr's	P/E
Restaurateur 5p	61	-1	u1.0	4.3	2.2	14.3
Royal Sovereign 10p	210	-5	4.6	1.9	2.9	19.6
Scott Pickford 10p	24½	......	3.1	0.7	16.9	12.7
Seacon Hldgs	103	+2	21.0	-	1.3	-
Sonic Tape 2½p	12	+½	n-	-	-	15.8
Stake Hldgs. 5p	25	......	-	-	-	♦
Swanyard Studios 1p	3½	+¼	-	-	-	♦
Takare	273	+2	b1.0	8.1	0.5	28.0
Theme Holdings	66	......	♦1.1	♦	2.2	♦
Tomorrows Leisure 20p	30	......	-	-	-	♦
Tullon Oil 10p	19	......	-	-	-	-
UPL Group 10p	110	......	L2.41	4.3	2.9	15.0
Unit Group	170	-2	5.0	♦	3.9	♦
Video Tape Rec 5p	110	......	L2.3	2.3	2.8	15.8

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ● Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ✱ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+or-
Albany Inv 20p γ	70	......
Craig & Rose £1 γ	690	......
Finlay Pkg. 5p γ	88	+1
Holt (Jos) 25p γ	£11½	......

IRISH

Stock	Price	+or-
Nat. 9¾% 84/89	£100	......
9pc Cap Ln. 1996	£99½	......
Fin. 13% 97/02	£119½	......
Arnotts γ	350	-3
Carrol Inds. γ	156	......
Grafton Grp. γ	125xd	......
Hall (R. & H.)	160	-2
Heiton Hldgs. γ	54xd	+1
Irish Ropes γ	163	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	30
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	30
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	11
Glaxo	85
Grand Met	45
GHS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	30
NEI	10
Nat West Bk.	52
P & O Dfd	52
Plessey	16
Polly Peck	30
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Stock	p
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Stock	p
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Stock	p
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Monday September 12 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Sep 9 Index No.	Thu Sep 8 Index No.	Wed Sep 7 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (210)	755.33	+0.4	10.93	4.31	11.35	17.69	752.44	754.97	767.18	958.79
2	Building Materials (29)	952.76	+0.9	12.32	4.51	10.00	21.96	943.83	939.79	965.08	1181.12
3	Contracting, Construction (37)	1516.22	+0.1	11.36	3.67	11.40	29.01	1514.39	1524.76	1556.66	1760.78
4	Electricals (12)	2069.11	----	9.72	4.94	12.58	53.78	2068.21	2083.29	2103.46	2461.08
5	Electronics (28)	1635.51	+0.7	10.89	3.80	11.82	40.42	1624.94	1632.81	1658.74	2025.81
6	Mechanical Engineering (58)	398.59	+0.1	10.18	4.38	12.15	9.39	398.25	399.92	404.98	516.19
8	Metals and Metal Forming (7)	460.24	+0.2	10.57	4.20	11.70	7.95	459.37	462.78	463.49	570.00
9	Motors (16)	262.44	----	12.43	5.03	9.28	7.06	262.37	264.40	267.23	387.98
10	Other Industrial Materials (23)	1244.02	+0.2	9.60	4.63	12.42	30.04	1241.93	1247.01	1260.84	1672.99
21	CONSUMER GROUP (185)	1023.49	+0.2	9.73	3.90	12.97	19.52	1021.05	1021.10	1032.36	1314.04
22	Brewers and Distillers (21)	1057.59	----	11.04	3.85	11.42	20.86	1057.43	1064.22	1079.26	1178.98
25	Food Manufacturing (21)	908.67	+0.4	9.73	4.13	13.06	17.99	905.43	904.99	922.43	1010.44
26	Food Retailing (16)	1849.10	-0.3	9.36	3.61	14.10	38.49	1854.69	1857.51	1870.13	2413.49
27	Health and Household (12)	1007.24	+0.3	6.94	2.72	16.71	18.01	1001.31	1796.13	1796.26	2545.19
29	Leisure (30)	1273.20	+0.9	9.68	4.02	13.25	29.54	1262.26	1273.16	1294.58	1392.85
31	Packaging & Paper (17)	490.25	+0.6	10.68	4.37	12.02	10.47	487.12	490.99	504.23	669.71
32	Publishing & Printing (18)	3273.59	+0.3	9.03	4.67	13.81	73.53	3264.57	3282.03	3308.67	4641.71
34	Stores (34)	737.36	+0.2	11.25	4.58	11.68	15.59	735.54	726.21	732.63	1065.15
35	Textiles (16)	536.37	-0.2	12.88	5.09	9.11	12.69	537.27	540.49	551.11	835.15
40	OTHER GROUPS (93)	858.09	+0.3	11.68	4.64	10.45	20.21	855.25	859.55	868.96	1129.43
41	Agencies (19)	1009.64	+0.1	8.98	2.77	14.08	10.11	1008.16	1028.17	1043.39	1710.00
42	Chemicals (21)	1025.27	+0.7	12.47	4.95	9.63	35.79	1018.48	1020.25	1029.95	1462.11
43	Conglomerates (13)	1172.33	+0.8	10.92	4.62	10.57	24.52	1163.30	1175.56	1184.26	1442.17
45	Shipping and Transport (12)	1809.80	+0.2	12.00	4.97	11.01	35.65	1806.51	1828.82	1852.16	2244.10
47	Telephone Networks (2)	915.45	----	12.13	4.86	10.69	20.38	915.99	914.46	922.35	1058.30
48	Miscellaneous (26)	1173.19	+0.3	12.00	4.61	9.49	24.75	1169.99	1172.85	1193.06	1605.63
49	INDUSTRIAL GROUP (488)	920.84	+0.3	10.59	4.21	11.74	19.77	918.05	920.17	931.56	1186.47
31	Oil & Gas (12)	1693.19	+0.7	11.21	6.40	11.43	64.62	1681.40	1687.32	1700.74	2197.31
59	500 SHARE INDEX (500)	986.43	+0.4	10.67	4.51	11.69	23.54	982.91	985.34	996.94	1272.32
61	FINANCIAL GROUP (122)	662.75	+0.3	-	5.29	-	21.00	660.52	662.65	668.14	832.72
62	Banks (8)	636.89	+0.5	22.48	6.85	5.97	30.77	633.95	635.79	640.17	826.22
63	Insurance (Life) (8)	999.59	+0.1	-	3.13	-	26.91	998.13	990.00	994.84	1131.04
66	Insurance (Composite) (7)	516.42	+0.7	-	6.05	-	18.42	512.84	515.64	520.86	636.66
67	Insurance (Brokers) (7)	914.05	+0.7	10.52	6.97	12.28	32.03	907.89	923.49	940.47	1228.01
68	Merchant Banks (11)	318.88	+0.1	-	4.49	-	7.09	318.54	319.59	325.13	490.81
69	Property (51)	1153.91	----	5.74	2.80	22.31	16.08	1153.31	1158.76	1168.41	1299.52
70	Other Financial (30)	352.76	+0.3	11.00	3.54	11.43	10.24	351.55	354.74	357.08	563.18
71	Investment Trusts (78)	888.12	+0.4	-	3.17	-	14.93	884.81	892.47	896.86	1142.90
81	Mining Finance (2)	509.51	-0.7	9.39	3.69	12.04	8.12	513.03	515.25	514.23	700.37
91	Overseas Traders (8)	1178.05	+1.4	9.76	4.74	12.04	35.31	1162.17	1146.95	1148.57	1223.77
99	ALL-SHARE INDEX (710)	904.40	+0.3	-	4.58	-	22.40	901.25	903.65	913.28	1160.61

	Index No.	Day's Change	Day's High	Day's Low	Sep 9	Sep 8	Sep 7	Sep 6	Sep 3	Year ago
FT-SE 100 SHARE INDEX ‡	1744.6	+6.2	1747.7	1742.2	1738.4	1739.8	1756.1	1768.0	1764.5	2271.8

FIXED INTEREST

	PRICE INDICES	Mon Sep 12	Day's change %	Fri Sep 9	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	118.67	+0.11	118.65	0.12	8.55
2	5-15 years ●	134.22	+0.18	133.98	-	9.42
3	Over 15 years	143.63	+0.17	144.07	0.69	10.59
4	Irredeemables	163.66	+0.34	163.10	-	8.84
5	All stocks ●	132.73	+0.16	132.65	8.13	9.34
	Index-Linked					
6	5 years	126.04	+0.02	126.01	-	1.81
7	Over 5 years	119.37	+0.22	119.11	-	2.65
8	All stocks	119.75	+0.20	119.51	-	2.57
9	Debentures & Loans	115.50	......	115.50	-	7.37
10	Preference	90.01	......	90.01	-	3.74

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 12	Fri Sep 9	Year ago (approx.)
	British Government				
1	Low	5 years	10.12	10.15	9.66
2	Coupons	15 years	9.65	9.67	9.88
3		25 years	9.34	9.35	9.75
4	Medium	3 years	10.44	10.47	10.38
5	Coupons	15 years	9.89	9.91	10.16
6		25 years	9.59	9.61	9.93
7	High	5 years	10.58	10.62	10.48
8	Coupons	15 years	10.02	10.04	10.33
9		25 years	9.58	9.60	9.97
10	Irredeemables †		9.30	9.31	9.99
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.51	3.51	3.39
12	Inflation rate 5%	Over 5 yrs.	3.95	3.96	4.05
13	Inflation rate 10%	5yrs.	2.48	2.48	3.35
14	Inflation rate 10%	Over 5 yrs.	3.78	3.80	4.04
15	Debs &	5 years	11.53	11.45	11.42
16	Loans	15 years	11.33	11.29	11.41
17		25 years	11.20	11.18	11.41
18	Preference †		10.08	10.06	10.87

‡Opening index 1746.5; 10 am 1747.5; 11 am 1745.2; Noon 1744.2; 1 pm 1744.6; 2 pm 1744.5; 3 pm 1743.5; 3.30 pm 1743.0; 4 pm 1743.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p. CONSTITUENT CHANGES: Hoskyns (5) has been deleted and replaced by Evans Halshaw (9). ●-Gilt indices subject to recalculation.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	102	4	7
Corporations, Dominion and Foreign Bonds	19	4	27
Industrials	471	284	847
Financial and Properties	189	76	400
Oils	32	19	55
Plantations	2	0	11
Mines	14	80	99
Others	97	57	113
Totals	926	524	1,559

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§145	F.P.	-	173	145	Christie Group 2p	165		L3.5	3.1	2.8	15.1
§40	F.P.	-	41	39	Exmoor Dual Inv. Tst.	39		1.2	-	4.1	-
§100	F.P.	-	100	100	Do. Income 100p	100		N6.9	-	9.2	-
120	F.P.	-	151	123	National Telecom 5p	141		L2.0	4.1	1.9	13.8
§140	F.P.	27/7	161	136	§Select Shop 5p	136	-2	‡3.15	2.2	3.0	17.8
140	F.P.	5/8	141	109	Rockfort Group 20p	111	-1	R3.9	3.3	4.6	7.3
§125	F.P.	19/8	133	120	Savills 5p	120		L3.0	2.5	3.3	13.2
-	F.P.	-	68	58	Tamaris 10p	60	+2	u2.0	0.4	4.6	-
-	F.P.	-	23	14	Waverley Mining Warrants	23		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	96p	93p	Alexon Group 6.25p Cv. Rd. Pf. 10p	94p	
[illegible]	F.P.	-	115p	110p	BBLP Group 8p Cv Rd Pf 10p	111p	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988/9. N Dividend and yield based on prospectus or other official estimates for 1989. q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights." ‡ Introduction. ¶ Placing price. †† Reintroduction. ‡ Issued in connection with reorganisation merger or takeover. || Allotment price. ◆ Unlisted securities market. ◆ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Sep 12
- Last Dealings Sep 23
- Last Declarations Dec 8
- For settlement Dec 19

For rate indications see end of London Share Service

Stocks to attract money for the call included Davy Corporation, Scottish and Newcastle, C. Baynes, Benlox, INOCO, Dares Estates and ML Laboratories. A put was arranged in Dares Estates, while a double option was transacted in North Kalgurli.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

September 12 Total Contracts 28,069 Calls 15,798 Puts 12,271. FT-SE Index Calls 335 Puts 1732. *Underlying security price.

COMPANY NOTICES

JENIVA LANDFILL PLC

Rights Issue of 1,158,400 Ordinary Shares of 10p each at 50p per share. Owing to delays in the postal services due to industrial action the Board of Jeniva Landfill PLC has agreed to extend the period for acceptance and payment for the New Ordinary Shares provisionally allotted until 3.00 pm on Wednesday 5th October 1988. The original Provisional Allotment Letters remain valid and may be delivered by hand or post to W H Stanford & Co. Bravery House, Newlands Drive, Witham, Essex CM8 2UL.

In view of the possibility of further postal delays Shareholders are encouraged to deliver the Provisional Allotment Letters by hand.

This Notice is issued by Jeniva Landfill PLC and has been approved by Dalton House Securities Limited, a member of FIMBRA.

TRANS TUNISIAN PIPELINE COMPANY LIMITED

ECU 40,000,000.- 12,154% - NOTES DUE 1990

Noteholders are hereby informed that TRANS TUNISIAN PIPELINE COMPANY LIMITED - T.T.P.C. - will proceed with the full redemption of the Notes at a price of 102% in accordance with the conditions of the Notes.

Consequently the 40 notes of XEU 1,000,000 will be redeemable starting October 28th, 1988, date at which they will cease to bear interest, at the price of XEU 1,020,000 plus accrued interest amounting to XEU 121,540 per Note.

The Notes will have to be presented for redemption, coupons at October 28th 1989 and subsequent attached, at the offices of:

CREDIT LYONNAIS
26A Boulevard Royal
LUXEMBOURG

The Fiscal Agent
Crédit Lyonnais Luxembourg

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

KUNICK PLC

(Incorporated in England under the Companies Act 1948 No. 806827)

Issue of 10,300,000 7 pence Convertible Cumulative Redeemable Preference shares of 5p each at £1 per share

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the 7 pence Convertible Cumulative Redeemable Preference shares of 5p each in Kunick PLC in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars relating to the issue are available in the Extel Unlisted Securities Market Service. Copies of the particulars are available, for collection only, during normal business hours up to and including 15th September, 1988, from the Company Announcements Office, The Stock Exchange, 46 Finsbury Square, London EC2P 2BT and, for collection only, and during normal business hours on any weekday (Saturdays excepted), up to and including 27th September, 1988 from:

Panmure Gordon & Co. Limited
9 Moorfields Highwalk
London EC2Y 9DS

13th September, 1988

صلنا من الأصل

هكذا من الأصل

LONDON STOCK EXCHANGE

Gilts and shares higher but nervous

London markets managed to record good progress for the first time in four trading sessions following an encouraging weekend Press, economic numbers on the brighter side of satisfactory and a number of deals in the equity sectors.

Gilt-edged securities, meanwhile, were heartened by the economic news and shrugged off an initial bout of the jitters to close well up on the day.

The FT-SE 100 index closed with a 6.2 rise at 1744.6, having registered a high of 9.3 in mid-morning and a low point of only 3.6 up, just before midday.

The equity market was said to be nervous and volatile from the outset, but edged higher during initial exchanges – "a mark up", said one trader who pointed to the extremely low level of activity in markets.

But the first batch of economic news this week, released at 11.30 am, contained what was said by analysts and dealers as better than expected results.

In particular, the provisional 0.5 per cent rise in retail sales for August, coming after the 2.4 per cent jump in July and forecasts of up to 1.5 per cent, were viewed as especially bullish. "Hopefully we are looking at the first signs that the excessive levels of demand in the economy are now being choked off by the recent increases in interest rates" said one analyst. Figures for output were said by economists to have been neutral overall.

"The market gave a mildly positive response to the figures and maintained its progress for the rest of the session. But the spectre of low turnover continued to haunt traders.

Account Dealing Dates

*First Dealings:	Sep 5	Sep 19	Oct 3
Option Declarations:	Sep 15	Sep 29	Oct 13
Last Dealings:	Sep 16	Sep 30	Oct 14
Account Day:	Sep 26	Oct 10	Oct 24

*New time dealings may take place from 9.00 am two business days earlier.

Turnover in equities yesterday, including customer and marketmaker business, came out at 213.2m, said by dealers to have been one of the lowest full-session figures since "Big bang."

There were plenty of features in equities, most notably the £220m-plus merger of builders merchants Sandell Perkins and Travis and Arnold, as well as confirmation that life assurance group Sun Life is about to cement an alliance with French insurer Union des Assurances de Paris via an exchange of shares. The Sun Life/UAP deal, however, will include a £62m rights issue for Sun Life and this together with the IE110m rights issue announced by Ireland's allied Irish Bank caused a certain degree of unease early on.

Gilt-edged issues picked up after the economic data which was the first of a number of important figures being released this week on both sides of the Atlantic.

Small closing gains brought the description, "the market has cleared the first obstacle this week in what is clearly going to be a series of major hurdles, with US trade figures closely followed by UK industrial output, employment figures and Friday's RPI numbers."

FINANCIAL TIMES STOCK INDICES

	Sep 12	Sep 9	Sep 8	Sep 7	Sep 6	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	86.57	86.60	86.62	86.78	86.83	85.47	91.43 (18/4)	86.28 (2/9)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.34	[95.63]	95.87	95.93	95.74	90.89	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1401.7	1398.5	1402.4	1419.5	1426.0	1775.4	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	176.6	183.8	183.5	182.3	184.1	449.5	312.5 (7/1)	176.6 (12/9)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.86	4.88	4.86	4.80	4.75	3.30				
Earning Yld %(full)	12.30	12.34	12.30	12.16	12.02	8.07				
P/E Ratio(Net)(*)	9.87	9.84	9.87	9.98	10.12	15.18				
SEAQ Bargains(5pm)	14,876	17,311	17,672	16,168	18,657	30,878				
Equity Turnover(£m)†	-	2617.48	1051.59	862.16	654.62	1376.34				
Equity Bargains†	-	20,321	16,881	16,592	18,534	52,149				
Shares Traded (ml)†	-	298.0	335.3	270.1	272.6	527.6				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1404.5	1405.9	1404.3	1402.6	1402.2	1401.8	1400.5	1400.6

DAY'S HIGH 1405.9 DAY'S LOW 1399.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35. Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 9.77 † Excluding intra-market business. ‡ Corrected.

S.E. ACTIVITY

Indices	Sep 9	Sep 8
Gilt Edged Bargains	91.9	81.1
Equity Bargains	131.7	109.4
Equity Value	5290.6	2125.5
5-Day average		
Gilt Edged Bargains	83.6	86.2
Equity Bargains	121.9	131.0
Equity Value	2369.2	1717.7

London Report and latest Share Index: Tel. 0898 123001

Beecham monkey puzzle

BEECHAM started the day well, before rumours that one of its drugs had development problems led to a swift reversal. After being 5 higher at 478p early on, the shares fell to 462p, down 9 on the day on turnover of 4.9m.

The company put out a statement in the early afternoon confirming that long term primate trials on its hypertension drug Cromakalim showed scarring of the heart tissue in some monkeys. As a result, final human trials have been suspended and an action committee appointed which is expected to reach a decision within two months. Beecham was quick to put this into context, however, saying that in the trials no primate had received less than 100 times per unit weight of the human dose and that the monkeys were on the drug for at least a year. Moreover, short term clinical trials for asthma are to continue while the hypertension results are evaluated.

Analysts said the news was mildly negative for Beecham. Dr Arnab Banerji of Nomura Research commented, "It's too early to say what effect this will have on Beecham's wider development programme." Mr Steven Plag of Robert Fleming Securities said; "Of Beecham's research and development products, this drug is potentially the most commercially exciting. Today's news dents sentiment, but may yet have only a small impact."

Sun Life alliance

Life yesterday unveiled the market's fourth rights issue in as many days to help finance its new "strategic alliance" with the French composite insurer Union des Assurances de Paris (UAP). The complicated deal included the offer of 13.2m new shares – 18.2 per cent of the capital – toUAP plus the issue of £62m shares at a deeply discounted £6 per share. The announcement immediately sent Sun Life spinning, and the shares finally closed 35 points down at 1163p.

The motives behind the deal, explained Mr Paul Hodges, analyst at Kitcat & Aitken, are to improve Sun Life's position in the European market ahead of 1992, and to dilnta the importance of the 26 per cent hostile stake in the UK group held indirectly by South African insurer Liberty Life. The rights issue will not only annoy Liberty Life – its stake will drop to 21.5 per cent – but Groupe AG of Belgium, which has steadily built a 5.5 per cent holding in recent months with the intention of forming an alliance with Sun Life similar to that now concluded with UAP.

Builders joinery

The Building sector's chief source of interest was the planned merger of builders merchants Travis and Arnold and Sandell Perkins, creating a new group worth around £223m. The deal is being arranged via an agreed share exchange offer from Sandell Perkins for Travis and Arnold, which left the latter 23 higher at 370p. Sandell closed a few pence lower at 218p. Although the building supplies industry is not expected to be as buoyant as last year, the combined group hopes to see strong earnings growth and increased dividend payments.

Apart from Beecham, international stocks went with the wider market. In turnover of 1.4m shares, Glaxo rose 13 to 1004p, after 1008p early on. A continuing shortage of stock was partly behind the rise, but dealers noted US demand ahead of figures due next Monday. ICI rose 8 to 1004p, while Fisons gained 3 to 233p in turnover of 2.2m. It was announced that the recent rights issue has been nearly 90 per cent taken up, with the rump successfully placed in the market.

London and Bishopsgate Holdings, the private investment management company predominately owned by publisher Mr Robert Maxwell and Lord Donoughue, is thought to have increased its stake in New Tokyo Investment Trust (NTIT) which it has approached with proposals to change its investment policy to one of tracking the Tokyo New First Section Index.

Marketmakers reported two large transactions in NTIT shares yesterday, saying that the first represented the sale of 1.075m shares held by Lloyds investment managers and the second the purchase of 1.1m shares by a broking house acting for London and Bishopsgate. This would raise the latter's holding in NTIT – unchanged at 151p – to over 27 per cent.

The Investment Trust sector presented another feature when shares of Investing in Success Equities (IISE) responded positively to an agreed merger with Panfida. The deal, together with the acquisition of further shares in MRO Holdings, giving the enlarged group a holding of 53 per cent, will require a change from the approved investment trust status for IISE. At the close shares of IISE, shortly to be renamed Panfida, were 17 higher at 140p.

Lonrho again recorded high volume, 8m shares in all, but on this occasion much of the trade was between marketmakers. They opened the shares sharply higher at 269p hoping that the move would deter further purchases by the recent stake builder who has yet to be identified. The manoeuvre was successful for the buyer remained in the background and the shares scurried back to 262p before moving up again to close at 268p, a net gain of 5.

Inchcape, another major Overseas Trader, attracted sizeable activity ahead of Thursday's interim statement, which County NatWest Wood-Mac forecasts will reveal profits of £68m, to end 5 higher at 213p.

Allied Irish fell 12 to 248p after announcing a IR£110m rights issue and the $340m acquisition of First Maryland Bancorp of the US. The market's reaction was relatively positive in light of the recent spate of cash calls. Mr Adrian O'Carroll, analyst with Citicorp Scrimgeour Vickers, believes Allied Irish will have no trouble finding investors willing to take on the new shares: "The timing was good because after recent developments in the bid for Irish Distillers the large Irish institutions are looking for somewhere to place their excess cash."

Bank of Ireland also dropped sharply as marketmakers assumed that the Allied cash call was bad newe for Irish banks. However, Irish institutions quickly entered the market to snap up Bank of Ireland stock cheaply and by the close the shares had recovered to 228p, just 3 down on the day.

Irish Distillers rose 4 to 438p in moderate turnover as Grand Metropolitan announced it had increased its stake to 20.1 per cent. Grand Met shares lost a penny to 477p.

British Aerospace traded more briskly than most (around 1.3m shares changed hands), but after touching 486p, the shares drifted back to close only a shade better on the day at 481p. BAe is scheduled to reveal its interim figures today and analysts' forecasts range from £80m to £110m.

Half-year pre-tax profits of £19.9m, compared with £12m, gave a boost to Smiths Industries which touched 185p before settling 6 to the good at 180p.

Also reflecting trading statements, Lilleshall improved 7 to 135p and British Vita a few pence to 225½p, but Myson's interim figures failed to excite and the close was 9 down at 162p.

Stores stocks drifted as the retail sales figures for August – which showed a slight deceleration in consumer demand – and fears that Christmas sales could be disappointing knocked prices back a touch in thin trading. Storehouse were the main feature, slipping 3 to 186p as Phillips & Drew downgraded its interim profit forecasts for the group from £34m to £27m.

Mr John Smith, P&D analyst, explained that the downgrading – which followed close consultation with the company – is due to the lack of volume growth at British Home Stores, Habitat and Mothercare. "Everything points to a bad twelve months for the group," says Smith, who is forecasting £110m for the full-year, a target he accepts Storehouse may have difficulty meeting. "Because of accelerating cost pressures, the group needs a really good second half just to stand still."

Fine Art Developments, the greeting card specialists, enjoyed a strong rally after its recent decline as hopes rose that the postal dispute is near to settlement. The stock has lost over 15 per cent of its value during the strike, but yesterday the slide was halted and the shares improved 11 to 215p. Of those suffering from the dispute, Sears is particularly exposed due to the total reliance of its Freemans subsidiary on the Post Office for distribution. The shares fell again yesterday, losing a penny to 126p.

Electricals saw activity in Amstrad, up 2 to 203p, and Ferranti, up a penny to 84½p. STC was the subject of a strong buy recommendation from securities house *UBS Phillips & Drew* which helped the shares 5 higher to 256p. Analysts point to STC's good trading outlook and a brokers' visit to its telecoms operations on October 6.

Harland Simon rose 28 to 342p after it announced that it expects to make a US acquisition. A further statement is expected soon.

Television issues had one of their best days for some months as dealers reacted to reports on the UK government white paper on the future of broadcasting and gave the sector something of a re-rating. As one dealer commented, however, "It's a long way to 1993 when the new franchises come into force and some of today's companies may not exist then."

Thames TV put in the best performance, jumping 22 to 371p in what dealers said was reasonable turnover. Granada advanced 8½ to 297p, LWT rose 5 to 147p, and Anglia gained 7 to 173p while Yorkshire TV was 11 better at 202p, influenced also by a shortage of stock.

Delta came on offer after disappointing half-year results and fell 11 down 265p. Vosper Thornycroft, in contrast, responded to the encouraging tenor of the chairman's statement, rising 9 to 200p.

The units of Mersey Docks & Harbour shot higher to 388p before retracing their steps to close only 4 up on balance at 377p. The early euphoria followed news that with P&O Property the company is seeking to redevelop the Princes and Waterloo Dock areas on the River Mersey frontage at Liverpool. Errill Holdings, which along with Mersey Docks submitted the original planning application, will form part of the P&O team.

P&O shares steadied as last week's selling pressure lifted and investors hegan to look forward to tomorrow's interim figures. County NatWest Wood-Mac is forecasting profits of £110m, including the cost of the ferry strike, compared with £101m last time. The group is to apply to have its shares listed on the Paris, Amsterdam and Frankfurt bourses in October.

Brent crude for October delivery dropped below $13 per barrel, but oil traders had foreseen the movement and were not disheartened. "The sector is showing remarkable resilience", said one, as leading issues established sligbtly higher levels in low volume. Shell Transport closed 8 up at 980p while British Petroleum issues ended around 2 better with the "old" at 238½p and the partly-paid at 140p. Ultramar remained in the shadow of the proposed rights issue, making little recovery after last week'e slump. Analysts are divided over prospects for the group following the acquisition of Californian-based Wilmington Refinery.

Business was steady on the Treded Options Market as 28,069 contracts – 15,798 calls and 28,069 puts – changed hands. Best performer of the day by far was BP with 495 calls and 3,200 puts. Also actively traded were British Gas with 2,926 contracts, and Hanson Trust wblcb notched up 2,890 contracts during the day.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 33.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,600	149	-1
Abbey Life	867	301	+1
Allied-Lyons	228	393½	+½
Amstrad	788	203	+2
Argyll Group	1,200	169	-1
Assoc. Brit. Foods	11	298	
BAA	352	256	
BAT	553	431	+2
BET	294	219½	+½
BICC	660	340	-2
BOC	150	395	+3
BPB Inds	713	257½	+4½
BTR	847	269	
Barclays	880	394	+2
Bass	139	740	+2
Beecham	4,900	462	-9
Blue Arrow	666	91½	
Blue Circle	376	427	+1
Boots	611	209	+1
Brit. Airways	863	152	+1
Brit. Aerospace	1,300	481	+2
Brit. & Comm.	302	322	
British Gas	1,800	173½	+1
British Land	450	514	+2
BP	951	238½	+2
Brit. Telecom	751	238	
Burmah Oil	41	506	-1
Burton	1,000	193½	+½
Cable & Wireless	1,500	362	-1
Cadbury Schweppes	1,400	334½	+1
Coats Viyella	816	285	-2
Commercial Union	1,100	325	

Stock	Volume 000's	Closing Price	Day's change
Cons. Gold	1,000	£10¼	-¼
Cookson	521	244	-1
Courtaulds	117	301	+1
Dalgety	232	296	+2
Dee Corporation	538	163	-1
Dixons	1,300	150	-1
Eng. China Clays	292	436	
Enterprise Oil	293	436	-1
FKI Babcock	1,500	122	+2
Fisons	2,200	233	+3
General Accident	59	893	+2
General Elect.	664	194	+1
Glaxo	1,400	[illegible]	[illegible]
Globe Investment	190	138½	
Glynwed	123	294	-1½
Granada	662	297	+8½
Grand Met.	1,600	477	-1
GUS "A"	48	£10¼	[illegible]
Guardian R.E.	294	176	+3
GKN	550	389½	-2½
Guinness	138	310	-1½
Hammerson	38	620	
Hanson	7,430	142½	+2
Harrisons & Cros.	174	620	+3
Hawker Siddeley	52	498	
Hillsdown Hldgs	422	261	+2
[illegible]	589	196	+2½
ICI	266	[illegible]	[illegible]
Inchcape	1,100	213	+5
Jaguar	235	241	-1
Ladbroke	491	437	+1

Stock	Volume 000's	Closing Price	Day's change
Land Securities	379	550	-2
Laporte	16	391	-1
Legal & General	1,000	297	+2
Lloyds Bank	3,000	287	+3
LASMO	189	390	+1
Lonrho	6,000	266	+5
Lucas	472	527	+3
MEPC	212	528	-2
Marks & Spencer	535	155½	+½
Maxwell Comm.	414	194	+1
Metal Box	661	211	+1
Midland Bank	925	392	+5
NatWest Bank	300	540	+1
Next	249	287	+2
Northern Foods	116	252	+1
Pearson	138	701	-2
Pearl Group	153	475	+1
P & O	204	535	+2
Pilkington	375	198	+1
Plessey	285	146	+½
Prudential	1,900	156	+1
Racal	910	262	
Rank Org.	257	626	+2
RMC	841	441	+8½
RHM	268	338	+1
Reckitt & Colman	145	858	-3
Redland	46	397	+4
Reed Intl	106	399	+2
Reuters "B"	173	460	+1
RTZ	1,200	415	+2
Rolls-Royce	731	131	+1½

Stock	Volume 000's	Closing Price	Day's change
Rothmans "B"	55	406	
Bnk Scotland	119	340	-1
Royal Insurance	396	368	+1
STC	278	256	+5
Saatchi & Saatchi	143	337½	+½
Sainsbury	1,000	[illegible]	-½
Scot & Newcastle	518	327	+1
Sears	1,600	126	-1
Shell Transport	447	980	+8
Siebe	132	363	+1
Slough Estates	136	298	-1
Smith & Nephew	683	116½	
Standard Chart.	394	481	-3
Storehouse	925	186	-3
Sun Alliance	219	865	+8
T & N	46	174	
TSB	422	99½	
Tarmac	423	324	+3
Tate & Lyle	116	814	+5
Tesco	1,300	135	-1
THORN EMI	652	598	+3
Trafalgar House	193	381	+2
Trusthouse Forte	1,200	238	+1½
Ultramar	2,300	206	+2
Unilever	101	455	+1
United Biscuits	643	256	+2
United News	53	302	
Wellcome	199	482	+1
Whitbread "A"	201	273	+1
Williams Holdings	359	259½	+1½
Wimpey	329	227	+4
Woolworth	52	256	

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (98).

AMERICANS (5) Bankers N.Y., Browning-Ferris, Campbell Soup, Transamerica, Waste Management, CANADIANS (2) Royal Bk. Canada, Toronto-Dom. Bk., BUILDINGS (1) Travis & Arnold, CHEMICALS (2) Hoechst, Rechem Envrnl. Servs., ELECTRICALS (5) Acal, Ericsson (L.M.), Harland Simon, Ptloo, Do. A, FOODS (1) Tavener Rut., INDUSTRIALS (1) Avdel; INSURANCE (4) Allianz, American Gen. Corp., Aon Corp., Trade Indemnity, LEISURE (3) Capital Radio, P'dilly Radio, Radio City, PROPERTY (1) Erostin, SHIPPING (1) Turnbull Scott, TRUSTS (1) General Oriental, OVERSEAS TRADERS (1) Lonrho.

NEW LOWS (66).

CANADIANS (3) Am. Barrick Res., Corona Corp., Echo Bay Mines, BANKS (1) Prov. Financial, BUILDINGS (2) Marshalls Halifax, Do. 6½pc. Cv. Cm. Rd. Pf., CHEMICALS (1) Viking Packaging, STORES (1) Coats Viyella, ELECTRICALS (1) Unitech, ENGINEERING (1) Hobson, FOODS (3) Acatos & Hutcheson, Dee Corp., Tesco, INDUSTRIALS (8) Hawtal Whiting, Kenyon Sec., Kleen-E-Ze, London Fin. & Invs., Mosaic Invs., Myson, Pavion 11pc 1994-2002, TT Grp., Tomkins (F.H.) 5.5pc. Cv. Pf., INSURANCE (1) Refuge, LEISURE (1) Mecca Leisure, PROPERTY (1) Westfield, TRUSTS (6) Lowland Inv., Selective Assets Ser. II, Authority Inv., Baltic 7pc Cv. Rd. Pf., Melville St. Inv. Wrrnts., Nat. Home Ln. 7½pc. Cv. Pf., OILS (2) Cluff Res., Total-Cie, MINES (27) Durban Deep, ERGO, Leslie, Blyvoor, Buffels, Kloof Gold, Southvaal, Vaal Reefs, Western Deep, F.S. Cons Gold, Free State Dev., Harmony, St. Helena, Unisel, Anglo Amer., Anglo Am. Gold, Gold Fields S.A., OFS Invs., Rand Mining Prop., Welkom Gold Mines, Duke Grp, Eastmet, Jason Mining, North Kalgurli, McFinley Red Lake, Nor-Quest Res., Thoroq Res.

APPOINTMENTS

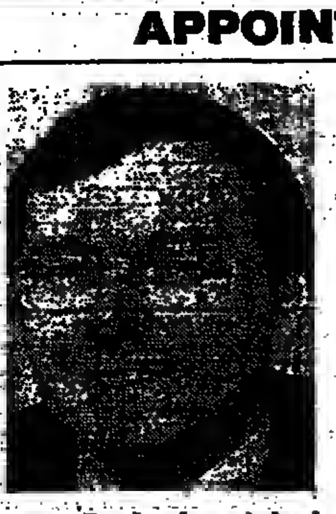
Senior post at Joseph Dawson

■ Mr Ian McGrattan has been appointed deputy managing director of JOSEPH DAWSON from October 10 with the intention of succeeding Mr David Blackburn as managing director when he retires early next year. Mr McGrattan is a director of Amoco UK, a subsidiary of Amoco Corporation.

■ GE CAPITAL, the financial services arm of General Electric Company (U.S.A.), has made the following appointments at its newly formed corporate finance house, GE Capital Corporate Finance Group: Mr Andrew Beaton, previously at 3i, Ms Anne Edgely, formerly at Citibank, Mr Arthur Fatum and Mr Rick Luck, former members of GE Capital in the US, and Mr Nicholas Thum, previously with Merrill Lynch Europe, have been appointed directors.

■ TRADE INDEMNITY, the credit risk company, has appointed Mr Richard W. Duggan and Mr Dennis L. Howson, currently general managers, as directors. Mr Vic Jacob is to succeed Mr R.H. Anderson as managing director of Trade Indemnity Australia on October 10.

■ CHARTERHOUSE BANK, the Royal Bank of Scotland subsidiary, has appointed Mr Ian Beith as director and head of marketing-debt securities. He was head of the UK corporate department at Citicorp/Citibank.



Dr Ray Bowden, formerly head of research at County Natwest Securities, is to lead the equities research operations at ROBERT FLEMING SECURITIES from the beginning of October.

■ Mr Alan Newton, formerly with Northern Telecom, has joined RAITEL COMMUNICATIONS, a subsidiary of Microsystems Group, as managing director.

■ Mr Walter Walker has been appointed managing director of CHINTUNG EUROPE, the London-based subsidiary of stockbroking group ChinTung Holdings, members of the Standard Chartered Banking Group.

■ Mr Alan Voce has been *appointed director*, south central region, of HAYS CHEMICAL DISTRIBUTION's packaged products division. He was finance manager, hulk products.

■ Mr Howard Kirkham has been appointed finance director of CHLORIDE INDUSTRIAL BATTERIES GROUP. He has spent most of his career in the automotive industry in finance, manufacturing and operations roles with Austin Morris and Leyland Daf.

■ Mrs Angela McCarthy has been appointed to the board of BEAUMONT HEALTH CARE with responsibility for sales and marketing of Close Care Developments. Beaumont is part of the Egerton Trust Group.

■ At STEEL BURRILL JONES Mr George Boden has been appointed chairman of its subsidiary companies, Steel Burrill Jones (non-marine) and SBJ & Associates.

■ SAATCHI & SAATCHI CO has appointed Mr Bob Snell as company secretary, a position he will share with Mr David Perring, the current secretary. Mr Snell will combine his new responsibilities with his duties as director of corporate business administration. Mr David Binding has been made deputy company secretary.

Mr Philip J. Stott has joined FKI BABCOCK as managing director of its switchgear subsidiary, Whipp and Bourne. He was previously technical director of GEC Installation Equipment, GEC's low voltage switchgear company, and returns to Whipp and Bourne where be was employed np until 1980 in a senior engineering role.

■ SIFCORP SERVICES (UK) has appointed Mr Jonathan Hubbard-Ford as investment director. He was previously with the Lysander Group.

■ Mrs Susan Fay, principal of Morley College, has been appointed chief executive of the CTC TRUST, the co-ordinating body for the establishment of a pilot network of 20 City Technology Colleges.

COMMODITIES AND AGRICULTURE

Oilseed processors seek to reverse EC decision

By Tim Dickson, in Brussels

A GROUP of leading oilseed-processing businesses has asked the European Court of Justice to overturn a recent decision by the European Commission which they claim is likely to cost them at least Ecu24m.

The group comprises 23 companies, among them the Dutch, French, Belgian and British subsidiaries of the giant Cargill group, Brith of the UK, Cedol of France and ADM of West Germany.

It claims EC authorities in Brussels acted illegally this June in the way they cut the level of EC aid for processing oilseeds.

The payments, as with many other supports under the Common Agricultural Policy, are usually fixed a couple of months ahead of the processing and are handed over to recipients when processing is undertaken.

They are designed to bridge the gap between the price of oilseeds which companies have to pay in Europe and the lower price obtainable on world markets.

This world market price was rising sharply this year on news of the US drought, thereby requiring sizeable adjustments in the aid level by policy-makers in Brussels.

The dispute centres on the commission's decision on June 6 to suspend temporarily the so-called advance fixing of oilseed-processing aid and to refuse certificates to the many companies which had applied for payment at the old level on June 7.

The aggrieved processors have not only started proceedings in the court in Luxembourg but have asked for interim measures, the equivalent of an injunction in Britain.

They say the retrospective action was illegal and that the commission used an uncorrected French-language version of the relevant EC rule.

In particular, they say that, pending applications, the aid can only be rejected in the event of a suspension if there has been a mistake in publication of previous figures, or if there is a risk of monetary distortion in the member-states. Neither condition was met, it was said.

Yesterday the group's lawyers, De Brauw and Westbroek, said many processors had not been able to produce at a profit since June.

For example, the aid payment for rapeseed had at times in the past few weeks been less than half the Ecu22.5 per 100kgs on June 7 and, at the end of last month, was just more than Ecu16 per 100kgs.

"We have made a very conservative calculation that it will cost the parties Ecu24m," the lawyers said.

The commission, in its submission to the court, says interim measures are unnecessary and the matter should be dealt with in the main case. Lord Mackenzie Stuart, president of the court, is expected to make his order in the next 10 days.

Australia cuts wheat credit to Egypt

By Tony Walker in Cairo

AUSTRALIA IS to phase out credit sales of wheat to Egypt because of concern at its A$1bn exposure to the Egyptian market.

The Australian Government became alarmed at Egypt's ability to continue servicing debts, even to high-priority creditors such as grain-suppliers. Egypt imports 75 per cent of its wheat.

Canberra hopes to cut the volume sold on credit in the next three years to the point where all Egypt's payments will be made in cash by 1992.

The Australian Wheat Board has pressed Egypt to pay for more in cash. Egypt is one of Australia's biggest markets.

Australia agreed, in a five-year deal to the end of next year, to supply Egypt with 10m tonnes. The grain is supplied on standard three-year credit terms at commercial interest rates.

Board officials say Egypt has managed, with only minor delays, to pay instalments on its credits. However, the Government is anxious to restrain exposure to Egypt.

About A$400m owed to the board was among the US$8bn of government and government-guaranteed loans to Egypt rescheduled in May last year at the Paris Club.

Australia, with further reschedulings of Egypt's debt in prospect, is anxious to avoid continuing to become embroiled in difficult talks over bilateral rescheduling.

It is feared that if credit sales are stopped abruptly, Egypt will refuse to pay debts. A board delegation is expected to visit Egypt next week for talks on last week's Cabinet decision to phase out credit sales.

● Australian Wheat Forecasters, a private forecaster, raised its sixth estimate of the 1988-89 Australian wheat crop to 15.43m tonnes, from 15.12m a month ago, on an unchanged area estimate of 9.8m ha, Reuter reports from Melbourne.

However, the forecast said chances of an exceptionally good harvest fell over the past month because of frost. It compared with the 1987-88 crop of 12.44m tonnes, from a 9.07m-ha area, and was well above the latest Bureau of Agricultural and Resource Economics estimate of 13.95m tonnes, issued on August 16.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes

Aluminium standard	-3,125	to 50,125
Aluminium high grade	+8,250	to 88,650
Copper	-4,575	to 116,450
Lead	-1,350	to 62,375
Nickel	-830	to 2,154
Zinc	-2,275	to 31,050
Tin	-1,250	to 11,400
Silver (oz).	+32,000	to 149,040,00

Weather hits US soyabeans

By Nancy Dunne, in Washington

CONTINUING HOT weather further devastated the US soyabean crop, so that rain in some areas helped only marginally, forecasters said yesterday, ahead of the US Department of Agriculture's crop report.

Signs of damage were reported, too, from a plague of spider mites wreaking havoc on soyabeans in Iowa.

With less than a month's supply of soyabeans on hand for next year, the US is expected to import soyabeans. Supplies are plentiful in Latin America, and foreign oilseed output is expected to hit a record 153.7m tonnes, up 6 per cent on last year.

Mr Conrad Leslie, a respected private forecaster, noted a slight improvement in the US maize crop. His prediction for the month, based on September 1 conditions, raised his forecast for August from 4.282bn bushels to 4.4424bn bushels.

He said there had been rain in the Eastern corn belt; less acreage abandoned by farmers than previously reported; and, less damage to the maize crop than seen a month ago.

Both Leslie estimates for August and September were lower than USDA's August estimate, 4.47bn bushels, which had been thought conservative.

Mr Leslie also raised his estimates for soyabeans, to 1.46bn bushels, just a bit lower than USDA predicted last month.

However, other experts disagreed. Mr Bill Helming, a Kansas farm analyst, and Mr Peter Leavitt, president, Massachusetts Weather Service Corporation, predicted a soyabean crop of 1.4bn bushels and 1.44bn bushels, respectively.

Analysts do not expect a big change in wheat estimates. Last month USDA said Durum wheat output was down 41 per cent on last year, at 54.6m bushels, and that imports would be required.

Winter wheat output, which accounts for the bulk of US wheat production, totalled 1.55bn bushels, about the same as last year.

Tighter stocks, resulting from drought, are expected to mean a smaller acreage-cut programme next year, as the US begins to rebuild inventories.

Slow start to cocoa talks' second week

By David Blackwell

THE SECOND week of talks by delegates at the International Cocoa Organisation (ICCO) started slowly in London yesterday, with little sign problems would be solved.

Last week consumer delegates said they were keen to get two big issues out of the way early – the row over the organisation's price-defence mechanism and the question of arrears on levies.

Mr Peter Baron, consumer delegates' spokesman, believes that if these two issues are settled, answers to any other problems will fall into place.

However, producers have shown no sense of urgency in the talks and all signs point to a late-night closing session on Friday if problems are to be unscrambled.

Yesterday morning producers failed to agree on their response to the recommendations of the advisory panel established to sort out the question of price adjustments. The row began last March. Prices have since fallen so low that any resolution would appear academic.

The panel of five, just before the current talks, decided by a majority of one that the prices to be defended by ICCO should have been cut automatically this year by 115 Special Drawing Rights, to a range of 1,370SDRs to 2,040SDRs a tonne. Last night the ICCO indicator price stood at 1,003.81SDRs a tonne.

Wheat harvest has a golden grain

A disappointing crop may yet climb the world 'mountain'

IF ALL the wheat we grew on this farm this year yielded as well as the best, I would have been moderately happy. But it didn't and I'm not.

I am, of course, relieved to have finished harvest. However, as the combine completed the last field of grain at the weekend I reflected on the mainly mediocre yields it had gathered over the previous few weeks and puzzled over the incredible variability of this year's crops.

Some of that variability was explained by the view from the combine-driver's seat. It was clear, looking into many crops as the machine cut its way through, that there were insufficient plants to produce what we have come to regard as optimum yields. The reason could be traced to last autumn when seeds were planted.

Soil conditions were so wet and inhospitable then that some seeds did not germinate. Many that did were unable to thrive in the excessive moisture and no amount of fertiliser applied in the spring could make plants grow where they did not exist. The result was inadequate density of crop and in many cases large patches with no crop at all.

A few fields, on the other hand, for no readily identifiable reason produced yields close to today's four-tonne-per-acre target. On this farm, unfortunately, they were few and far between, and our overall average of saleable wheat looks like being less than three tonnes an acre.

I shall only know for sure when the grain goes over a public weighbridge after it is sold. Like most farmers I don't have a weighbridge and my preliminary post-harvest estimate is based on volumetric calculation and the number of tractor trailer-loads taken off each field.

FARMER'S VIEWPOINT

By David Richardson

It may not be entirely accurate but it is near enough to indicate that wheat, which is our staple crop and dominates the acreage of the farm, will barely break even this year in spite of prices pushed up a few pounds a tonne by the North American drought.

Reports from farmers in most other parts of Britain tell a similar story. Last week's spell of fine weather in the south and east allowed many to complete their harvest but few are fully satisfied with the quantity of grain in their barn. Meanwhile, in Scotland and the north most of the harvest is still to be done.

Some pundits, in expectation of those acres being successfully cleared, are presenting unofficial estimates for the total UK wheat crop this year at between 12m tonnes and 12.5m tonnes. If that figure were to prove correct, there should be no problem in disposing of it.

One of the biggest markets for UK-grown wheat is that for flour to make bread for domestic consumption. However, the magnitude of the demand is a relatively new phenomenon made possible by introduction from the 1960s of new baking methods and improved varieties of wheat which do well in our temperate climate.

Previously, the UK imported at least 75 per cent of its bread-wheats from countries including Canada and the US.

Today the ratio has been reversed. Most UK bread contains at least 75 per cent to 80 per cent of home-grown wheat-flour.

Farmers hoping to sell to millers at premium prices, which are now between £11 and £15 a tonne over feed-wheat, now worth about £106 a tonne ex-farm, have to satisfy buyers on three main criteria:

● The wheat must have a specific weight of at least 76kg per hectolitre so that the miller may be assured of the amount of flour which can be milled from it. A lower specific weight indicates more husk and less starch in each grain.

● Bread-wheat should contain at least 11 per cent protein. This enables the starch to absorb more water than would a lower protein content. The loaf it goes to bake will then keep longer and stay fresher on the supermarket shelf. In France, where bread is baked fresh every morning, this characteristic is less important.

● Even more crucial to the UK millers' demands is the Hagberg test, to which every potential milling sample is subjected. It was invented by a man called Hagberg who established that Alfa Amalayse, a vital ingredient in dough to make crumbs stick together so that a loaf can be sliced, can be measured by a crude but quick test.

A wheat sample is milled and mixed into a porridge with a predetermined amount of water. A metal rod is then allowed to drop vertically through it.

The Hagberg so-called falling-number is simply the number of seconds it takes for the rod to fall through the mixture. The longer it takes, the more the stickiness, the better the wheat for flour.

This year, unlike last, bread-making quality has been generally good with the possible exception of protein content. Given the likely shortfall from Canada and the US this is just as well. It seems probable, in fact, that at least 4.5m tonnes of UK wheat from this year's harvest will be used for domestic bread.

Animal feed will require a further 5.5m tonnes; seed for planting this autumn, to produce next harvest's crops, will take a further 500,000 tonnes, perhaps more. That leaves 1.5m tonnes to 2m tonnes available for export. This is well within historic capability and there is likely to be a lively demand.

World grain carry-over stocks have fallen to their lowest level since the early-1970s, the US Department of Agriculture says, following this year's climatic aberrations.

Back in 1973 the Soviet Union, realising the potential shortage because of its own poor crops, secretly bought large tonnages of US grain. Traders panicked and grain prices doubled almost overnight.

The irony is that although world stocks on a per-capita basis are now at similar levels, the inaccurate perception persists that the world is wallowing in a mountain of grain.

Minex finds gold in Egyptian desert

By Tony Walker

MINEX OF the UK, a prospecting and mining company, has found gold in commercial quantities in Egypt's Eastern Desert, the Egyptian Geological Survey Authority said.

Mr Atef Dardeer, of the authority, said Minex was continuing its feasibility studies of rock samples that indicated deposits of, on average, 11 grams of gold per tonne of stone.

Mr Dardeer said he was very optimistic that the Minex find would lead to commercial operations.

The British company signed an exploration and production-sharing agreement with Egypt in late-1985, to search for gold in a 5,000 sq km area near Barramiya, in the Eastern Desert, about 600km south-east of Cairo.

Minex is also looking for associated minerals, that is silver, platinum, zinc and copper.

Mr Dardeer said Minex's promising finds were made at a depth of 80 metres. He said the high concentration of gold made mining economically feasible. Egypt has not produced gold since the late-1950s.

During the Pharaonic era Egypt was a leading producer of gold. Many of the mines were located in the area in which Minex is prospecting.

The British company was reported to have spent about US$3m on the prospecting activities.

Indian coffee output next year forecast as record

INDIA'S COFFEE output in the 1988-89 crop year which begins on November 1 is forecast at a record 195,000 tonnes to 200,000 tonnes, against 120,000 tonnes in 1987-88, Reuter reports from Coonoor, Tamil Nadu.

Mr K.A. Ayappa, for the planters, said the crop's size would create big problems for growers, because of stagnant domestic consumption, of about 60,000 tonnes, and an International Coffee Organisation quota for Indian exports of 54,000 tonnes for 1988-89.

He said: "At best we can sell 90,000 tonnes in the international market, including sales to non-quota countries."

Mr Ayappa, a senior official of the United Planters Association of South India, said planters faced disposal of excess output.

Planters and exporters are discussing problems facing Indian commodities, including coffee, at a two-day conference which started in Coonoor yesterday.

Coffee output in 1988-89 is expected to top the record 196,000 tonnes of 1984-85. In May the Indian Coffee Board said output might be as high as 230,000 tonnes.

Mr Ayappa said he was disturbed robusta output had been outstripping arabica output almost at the export market. He said robusta planting had risen dramatically since 1950 when it covered only 24,910 acres against 67,613 under arabica.

In 1987-88, robusta plantations spread across more than 115,296 acres, compared with 125,306 acres under arabica.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE prices failed to maintain early gains but still closed ahead as forecasters continued to predict more dry weather in Brazil's coffee-growing areas. However, some dealers believe the impact of the dry weather has been overplayed. One dealer said: "The coffee trees can still recover if there is rain in October. We need to reassess the situation in a couple of weeks." Others said the market was nervous about possible sharp price losses if rain arrived. Volume was light, with caution ahead of International Coffee Organisation (ICO) talks next week keeping participation to a minimum. On the LME, aluminium prices rallied after falling to four-month lows. Movements in both directions were triggered by technical factors, dealers said.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$11.10-1.15q	-0.50
Brent Blend	$12.93-2.98q	-0.545
W.T.I. (1 pm est)	$13.85-3.88q	-0.50
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$164-166	-4.5
Gas Oil	$116-117	-6
Heavy Fuel Oil	$59-61	-3.8
Naphtha	$126-128	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$418.75	-0.50
Silver (per troy oz)♣	642c	-13
Platinum (per troy oz)	$517.25	-22.05
Palladium (per troy oz)	$121.75	-2.00
Aluminium (free market)	$2365	-118
Copper (US Producer)	111⅝-113c	+2
Lead (US Producer)	37c	+1
Nickel (free market)	540c	+20
Tin (European free market)	£4365	-17.5
Tin (Kuala Lumpur market)	18.50r	-0.03
Tin (New York)	346.0c	+0.5
Zinc (Euro. Prod. Price)	$1312.50	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	113.23p	-0.53*
Sheep (dead weight)†	163.97p	+0.66*
Pigs (live weight)†	70.11p	+1.50*
London daily sugar (raw)	$257.8e	-2.8
London daily sugar (white)	$250.0s	-4.5
Tate and Lyle export price	£259.0	-3.0
Barley (English feed)	£111.5v	-0.5
Maize (US No. 3 yellow)	£127v	-1.5
Wheat (US Dark Northern)	£121.75	-1.8
Rubber (spot)♥	68.50p	-1.00
Rubber (Oct)♥	75.00p	-1.00
Rubber (Nov)♥	75.50p	-1.00
Rubber (KL RSS No 1 Oct)	325.5m	-2.0
Coconut oil (Philippines)§	$560s	-5
Palm Oil (Malaysian)§	$425s	-7.5
Copra (Philippines)§	$365	
Soyabeans (US)	$213	-2
Cotton "A" index	57.15c	+0.05
Wooltops (64s Super)	630p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Oct. s-Sep/Oct. w-Oct/Nov. v-Oct/Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	862	845	862 862
Dec	791	785	800 784
Mar	771	772	784 770
May	779	782	794 778
Jul	791	793	803 790
Sep	803	808	818 802
Dec	845	847	854 840

Turnover: 2334 (6376) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 9: 961.81 (982.90) :10 day average for Sep 12: 1003.81 (1011.30)

COFFEE £/tonne

	Close	Previous	High/Low
Sep	1127	1110	1139 1116
Nov	1112	1181	1125 1108
Jan	1103	1090	1113 1101
Mar	1085	1072	1100 1090
May	1090	1067	1092 1085
Jly	1092	1063	1092 1080

Turnover: 2592 (2841) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Sep 8: Comp. daily 115.18 (114.97); . 15 day average 111.03 (110.58).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	228.20	228.60	229.00 226.40
Dec	234.60	237.00	230.00
Mar	228.20	227.40	228.80 226.00
May	223.20	223.00	223.00 220.80
Aug	221.00	221.00	221.00 220.60
Oct	218.00	221.00	219.00
White	**Close**	**Previous**	**High/Low**
Oct	255.50	258.00	255.10 252.50
Dec	251.00	249.50	249.00 248.00
Mar	252.00	251.50	251.50 249.00
May	253.50	252.00	
Aug	254.00	252.00	252.00
Oct	252.00	251.00	250.50
Dec	253.00	251.00	

Turnover: Raw 2314 (2929) lots of 50 tonnes. White 821 (723) .
Paris- White (FFr per tonne): Oct 1610, Dec 1580, Mar 1565, May 1575, Aug 1580 Oct 1585

GAS OIL $/tonne

	Close	Previous	High/Low
Oct	118.25	123.25	120.00 117.25
Nov	120.25	126.00	121.75 118.25
Dec	122.25	127.00	123.75 121.00
Jan	122.25	126.75	123.50 122.25
Feb	122.50	125.25	122.50 122.00
Mar	121.00	124.00	121.00
Apr	118.50	122.00	119.00 118.50

Turnover 6183 (5433) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	108.65	106.75	108.90 108.65
Nov	110.85	111.18	111.18 110.75
Jan	113.20	113.60	113.70 113.20
Mar	115.60	115.90	115.85 115.50
May	118.50	118.90	118.75 118.50
Jun	119.80	120.00	119.80
Barley	**Close**	**Previous**	**High/Low**
Sep	103.80	103.50	103.85 103.75
Nov	106.75	106.75	100.95 106.75
Jan	109.60	109.45	109.80 109.45
Mar	111.60	111.35	111.70 111.35
May	113.55	113.25	113.55 113.25

Turnover: Wheat 178 (251) . Barley 154 (91) .
Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,175 tonne
Cash	2400-20	2350-70		2350-60		
3 months	2410-20	2360-80		2380-90	2420-40	9,655 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 16,450 tonne
Cash	1405-18	1380-5	1370/1365	1369-71		
3 months	1356-8	1360-2	1370/1343	1343-5	1367-8	44,942 lots
Copper, Grade A (£ per tonne)						Ring turnover 31,075 tonne
Cash	1412-4	1408-10	1419/1417	1417-8		
3 months	1374-5	1377-8	1379/1370	1375-6	1377-8	63,926 lots
Copper, Standard (£ per tonne)						Ring turnover 8 tonne
Cash	1340-50	1335-45		1340-50		
3 months	1330-40	1335-45		1330-40		39 lots
Silver (US cents/fine ounce)						Ring turnover 8 ozs
Cash	637-40	654-6		640-1		
3 months	650-3	667-9		650-1		443 lots
Lead (£ per tonne)						Ring turnover 6,925 tonne
Cash	360-1	356-8	363	362-3		
3 months	364-5	363-4	366/364	365.5-6	365-7	10,605 lots
Nickel ($ per tonne)						Ring turnover 828 tonne
Cash	11500-600	11600-800	11900	11600-800		
3 months	10900-11000	11050-100	11574/11000	10900-11000	10900-11100	6,415 lots
Zinc ($ per tonne)						Ring turnover 14,725 tonne
Cash	1338-41	1327-30	1334.5	1334-5		
3 months	1324-5	1314-6	1328/1318	1321-3		21,101 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	62.5	62.5	62.8
Feb	71.0	71.5	
Apr	96.5	96.1	97.7 96.3
May	106.5	106.5	107.0 106.0

Turnover 140 (158) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	175.50	177.00	176.00 175.00
Dec	185.00	186.00	185.00 184.50
Feb	191.00	192.00	191.00
Jun	178.00	181.00	178.00

Turnover 84 (260) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Sep	1330	1343	1340 1325
Oct	1436	1459	1450 1435
Jan	1486	1509	1500 1485
Apr	1526	1550	1540 1525
Jul	1345	1384	1345
BFI	1276	1282	

Turnover 281 (234)

TEA
At this weeks auction there were 22,150 packages on offer including 800 in the offshore section, reports the Tea Brokers Association. New season's Assam and Bangladesh teas sold readily on a selective market with improved quality teas in most demand. Brighter liquoring east Africans attracted less competition and were barely steady but coloury mediums and central African teas realised fully firm rates except dust grades which remained a weak feature. Ceylons met good support at firm to dearer rates apart from a few plain descriptions which were lower. Offshore teas met fair competition at little change in rates. Quotations: quality 164p nominal (162p), medium 98p (same), low medium 82p (same).

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	419½-420	247¼-247¼
Opening	421½-422	249¼-249¾
Morning fix	418.00	246.390
Afternoon fix	419.4	247.142
Day's high	421½-422	
Day's low	416¾-417	

Coins	$ price	£ equivalent
Mapleleaf	432-437	254½-257½
Britannia	432-437	254½-257½
US Eagle	432-437	254½-257½
Angel	429-434	252¾-255¾
Krugerrand	418¾-421¼	246½-248½
New Sov.	98¾-99¼	58-58¾
Old Sov.	98¾-100¼	58-59
Noble Plat	541.25-47.55	319.8-323.6

Silver fix	p/fine oz	US cts equiv
Spot	378.65	642.20
3 months	390.20	655.75
6 months	401.95	669.95
12 months	425.25	699.60

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
2250	243	232	46	116
2400	149	159	100	188
2550	84	104	182	278
Copper (Grade A)	**Calls**		**Puts**	
2200	192	165	43	125
2300	129	121	79	178
2400	82	85	131	240

US MARKETS

PRECIOUS METAL PRICES declined again as commodity funds were selling gold and platinum, reports Drexel Burnham Lambert. Gold prices fell $1 while platinum lost $6. Dealer selling in the silver market weakened prices by 5 cents. Copper continued its upward climb by 65 points in the December contract, making new highs. A three day strike in Peru was also announced boosting prices further. Trading in the soft commodities was generally quiet. Sugar slipped 4 points while late day profittaking by speculators rallied cocoa 23 points. Commission house selling in the coffee sent prices down 150 points. Prices of cattle and bellies gained slightly while hog futures fell 13 points on local activity. The grain markets were also mixed, due mostly to the report coming out after the close. Soyabean prices lost 10 cents while maize and wheat had small gains. In energy trading, crude oil prices declined 20 cents reflecting tension between producers overseas. In the cotton, trade and commission houses bought early in the session.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	421.2	421.2	0	0
Oct	422.6	423.1	423.0	419.8
Nov	424.4	425.0	0	0
Dec	428.0	428.5	428.2	425.0
Feb	432.6	433.4	434.0	431.0
Apr	436.8	437.5	438.1	436.0
Jun	444.5	445.6	443.8	442.5
Aug	445.4	451.8	448.1	447.0
Oct	453.1	457.6	453.5	452.5

PLATINUM 50 troy oz; $/troy oz

	Close	Previous	High/Low	
Oct	530.1	535.6	532.7	510.0
Jan	534.1	530.5	535.0	512.0
Apr	529.8	535.5	529.0	524.0
Jul	530.1	542.3	0	0
Oct	542.0	548.6	0	0

SILVER 5,000 troy oz; cents/troy oz

	Close	Previous	High/Low	
Sep	643.7	644.0	642.0	639.5
Oct	647.4	647.5	0	0
Nov	651.0	651.4	0	0
Dec	656.5	657.0	657.0	648.0
Jan	661.5	662.1	0	0
Mar	669.5	670.0	671.0	664.0
May	678.4	679.0	680.0	673.0
Jul	685.5	686.5	685.5	682.0
Sep	694.0	694.4	0	0
Dec	705.5	721.8	719.5	718.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	108.70	105.05	107.80	104.50
Oct	105.00	104.10	0	0
Nov	103.75	102.75	0	0
Dec	102.00	101.35	102.48	100.30
Jan	100.00	99.45	0	0
Mar	95.90	95.70	96.30	94.65
May	93.50	93.05	93.50	92.00
Jul	90.80	90.80	90.55	89.85
Sep	89.50	88.35	0	0
Dec	88.50	84.95	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	13.78	14.16	13.98	13.75
Nov	13.75	14.05	13.96	13.65
Dec	13.70	14.05	13.91	13.65
Jan	13.79	14.06	13.91	13.70
Feb	13.81	14.13	14.00	13.80
Mar	14.02	14.12	14.02	13.90

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	4010	4087	4040	3980
Nov	4080	4148	4105	4040
Dec	4155	4229	4180	4120
Jan	4205	4289	4215	4170
Feb	4185	4234	4190	4150
May	3850	3884	3870	3830

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1220	1198	1220	1208
Dec	1231	1214	1241	1216
Mar	1203	1186	1218	1196
May	1218	1196	1218	1192
Jul	1233	1212	1230	1229
Sep	1248	1231	1236	1233
Dec	1265	1253	1267	1253
Mar	1291	1271	1310	1285

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	128.00	128.94	132.00	127.21
Dec	125.88	130.18	133.00	127.60
Mar	128.20	131.55	133.70	128.50
May	128.00	131.25	130.95	128.00
Jul	128.50	127.25	130.50	128.60
Sep	125.35	126.25	128.00	126.25
Dec	122.07	125.18	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.92	9.86	9.95	9.88
Jan	9.80	9.85	9.75	9.75
Mar	10.06	10.01	10.05	9.93
May	9.81	9.75	9.83	9.71
Jul	9.69	9.72	9.69	9.57
Oct	9.48	9.53	9.48	9.42
Jan	9.39	9.05	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	54.25	54.60	54.95	54.00
Dec	52.60	52.90	53.30	52.50
Mar	53.25	53.56	53.40	52.90
May	53.82	53.45	53.70	53.75
Jul	53.28	53.30	53.70	53.10
Oct	53.35	54.30	54.00	54.00
Dec	54.15	54.60	54.00	54.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	192.60	191.70	193.40	191.45
Jan	179.65	180.55	180.75	178.00
Mar	169.55	169.60	169.60	168.00
May	166.00	167.60	166.75	166.00
Jul	163.60	164.05	163.60	163.60
Sep	162.60	163.10	0	0
Nov	161.60	162.05	0	0
Jan	161.60	162.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 9	Sept 8	mnth ago	yr ago
1874.1	1874.0	1871.1	1640.6

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	136.80	134.11	137.75	121.92
Futures	133.78	137.76	133.79	128.90

Chicago

SOYABEANS 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	870/4	879/4	880/4	870/0
Nov	882/0	891/4	899/4	880/0
Jan	891/0	900/0	908/0	890/0
Mar	896/4	906/0	913/0	895/0
May	896/4	907/0	909/0	895/0
Jul	870/4	877/4	[illegible]	[illegible]
Aug	846/0	857/4	850/0	840/0
Sep	795/0	798/0	800/0	794/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	28.07	28.50	28.45	28.04
Oct	28.09	28.44	28.35	28.00
Dec	28.62	27.01	28.80	28.38
Jan	27.05	27.33	27.10	26.80
Mar	27.50	27.80	27.50	27.23
May	27.57	27.75	27.75	27.35
Jul	27.40	27.65	27.65	27.40
Aug	27.38	27.65	28.30	26.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	277.0	279.7	276.5	276.5
Oct	276.5	278.7	276.5	274.0
Dec	274.2	277.1	277.0	274.5
Jan	275.5	278.6	276.0	275.0
Mar	276.5	277.5	276.8	274.5
May	266.5	267.5	267.0	265.0
Jul	265.0	266.5	266.0	265.0
Aug	254.0	255.0	254.0	250.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	290/0	295/6	296/0	289/0
Dec	295/0	299/6	299/6	294/0
Mar	304/2	307/0	307/4	303/0
May	305/2	307/0	306/0	303/0
Jul	302/2	304/2	305/0	301/0
Sep	282/6	282/4	285/0	282/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	402/2	400/0	400/4	402/4
Dec	417/0	418/6	420/4	417/0
Mar	421/0	418/4	422/4	419/0
May	394/4	397/0	394/0	392/0
Jul	372/4	373/4	374/0	370/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	69.72	69.80	70.05	69.40
Dec	70.97	70.85	71.50	70.80
Feb	71.70	72.10	72.30	71.75
Apr	73.20	73.05	73.50	72.95
Jun	72.40	72.85	72.95	72.40
Aug	70.05	70.80	71.00	70.60

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Oct	37.92	37.92	[illegible]	[illegible]
Dec	39.42	39.55	39.85	39.40
Feb	42.55	42.45	42.85	42.30
Apr	42.25	42.12	42.37	42.00
Jun	47.15	47.10	47.57	47.00
Jul	47.80	47.80	48.00	47.50
Aug	45.95	46.00	46.25	45.75

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	47.27	47.20	48.10	47.05
Mar	47.67	47.47	48.50	47.45
May	48.92	48.55	49.40	48.60
Jul	50.17	50.17	50.85	49.92
Aug	48.47	48.52	49.00	48.50

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

CANADA

Sales	Stock	High	Low	Close	Chng

TORONTO
4pm prices September 12

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
10221	AMCA Int	475	460	460	− 5
1230	Abitibi Pr	$20¼	20¼	20¼	− ¼
1120	Acklands	$14¼	14¼	14¼	− ¼
55450	Agnico E	$12½	13	10½	− ½
61174	Albrta En	$15½	15	15¼	+ ½
3601	Alberta N	$15¼	10	15	− ¼
197425	Alcan	$36½	36¼	36½	− ½
103	Algoma St	$25¼	25¼	25¼	+ ⅛
55290	A Barrick	$19¼	19½	19¼	− ½
1200	Asco I f	$8¼	8½	8½	
78907	BCE Inc	$37¼	36¾	36¾	− ½
17690	BCE D	340	330	340	+ 5
1204	BC Sugar A	$28	28¼	28¼	+ ¼
4300	BGR A	$10¼	10½	10½	− ¼
750	BP Canada	$17¼	17¼	17¼	
49571	Bk Montl	$28½	28½	28½	− ¼
160608	Bk NScot	$14¾	14½	14½	+ ¼
48500	Balmoral	175	165	169	− 4
200	Bombdr A	$11¼	11¼	11¼	− ¼
12300	Bombdr B	211¼	11¼	11¼	− ¼
5801	Bow Valy	$13½	13½	13½	+ ½
250	Bramalea	$25¼	25¼	25¼	− ½
20397	Brascan A	$25¼	25	25¼	
24940	Brinco	430	415	425	− 15
839	BC ForP	$18½	18½	18½	
3495	BC Phone	$27½	27¼	27¼	− ¼
2311	Brascor	$17¼	17½	17½	+ ¼
101785	Brunswk	$10½	10½	10½	− ¼
25737	CAE	$9½	9½	9½	− ¼
1500	CCL B f	$8¼	8	8	− ¼
1000	CFCF	$20¼	20¼	20¼	+ ¼
6050	Cambior	$13	12¾	13	+ ¼

[illegible]

MONTREAL
4pm prices September 12

[illegible]

Total Sales 3,541,351 shares.

OVER-THE-COUNTER

Nasdaq national market, 4pm prices September 12

Stock	Div.	Sales 100s	High	Low	Last	Chng

Continued from page 45

[illegible]

TOKYO - Most Active Stocks
Monday 12th September 1988

	Stocks Traded	Closing Prices	Change on day
Kawasaki Steel	[illegible]	[illegible]	[illegible]
Nippon Steel	[illegible]	[illegible]	[illegible]
Mitsubishi Heavy	[illegible]	[illegible]	[illegible]
Kobe Steel	[illegible]	[illegible]	[illegible]
Mitsubishi Paper	[illegible]	[illegible]	[illegible]
Nihon Unisys	[illegible]	[illegible]	[illegible]

INDICES

NEW YORK DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

Base values of all indices are 100 except Brussels SE and DAX—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia, All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

4pm prices September 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	14	AAR s	.36	1.4	20	301	27	26⅝	26⅞	– ⅛
10⅛	10	ACM s				725	10	10	10	
12⅛	9½	ACMIn n1.40e		13.		z405	11¼	11⅛	11⅛	– ⅛
12⅜	10⅝	ACMSc n1.28		11.		491	11	10⅞	11	
10⅛	8⅞	ACMSp n.25e		2.8		194	9⅛	9	9	– ⅛
29⅞	19½	AGS			21	359	23⅝	23½	23½	
1⅛	2⅜	AMCA				1	3⅞	3⅞	3⅞	+ ⅛
8	3¼	AM Intl				366	5⅝	5½	5⅝	+ ⅛
23⅝	17	AM Int pf	2	9.2		15	21⅝	21⅝	21⅝	
28	26⅛	AMR			9	2696	46½	45⅜	46	– ½
16½	5⅛	ARX			12	10	7⅝	7⅜	7⅜	– ⅛
10½	35¼	ASA	3.	8.1		348	37⅞	37¼	37⅜	– ¼
27⅜	9½	AVX	.08e	.3	11	390	19⅜	19⅛	19⅛	– ⅜
63½	40	AbtLab	1.20	2.5	16	2803	48⅞	42⅜	48⅛	+ ⅛
27⅛	15⅞	Abitibi g	1			1	16½	16½	16½	
16½	8½	AcmeC	.40	4.3		41	9⅝	9⅛	9⅜	– ⅛
9½	6⅞	AcmeE	.32b	4.8	47	7	6⅝	6⅝	6⅝	
29	14⅜	AdaEx	3.05e	20.		252	15⅜	15½	15½	– ⅛
19⅛	6⅞	AdamMl	.24	1.5	16	23	16½	16½	16½	+ ⅛
24⅞	1½	AMD				2758	11¾	11½	11½	– ⅛
56⅛	28⅛	AMD pf	3	8.1		236	34⅝	34½	34⅝	+ ⅛
9⅜	4⅛	Adobe				473	7⅞	7½	7⅝	– ⅛
18⅜	16¼	Adob pf	1.84	11.		28	17⅝	17⅛	17⅜	– ⅛
12⅛	5⅞	Advest	.12	1.4	19	26	9½	8½	8½	– ⅛
61⅛	30½	AetnLf	2.76	5.3		86063	52⅛	51⅛	52	+1
60⅛	20⅛	AflPb s	.20	.7		379	28⅛	27½	27⅛	+ ⅛
21⅛	13	Ahmans	.88	5.4	10	849	16⅜	16⅛	16⅜	
4⅝	1⅛	Aileen				160	4⅛	4⅛	4⅛	
53⅜	29	AirPrd	1.20	2.9	11	845	43	41⅞	42	–1⅜
27½	11⅛	AirbFrt	.60	3.4	23	28	17½	17⅛	17½	+ ½
16⅞	6⅛	Airgas			13	140	14⅜	14	14⅛	+ ⅛
60	13½	Airlease	2.30	13.	16	75	16½	16⅜	16⅜	
27⅛	24⅛	AlaP pf2.13e		8.8		274	24⅞	24⅛	24⅞	– ⅜
9⅛	1⅜	AlaP dpf.87		9.6		34	9⅜	9	9⅛	
67	61½	AlaP pf	6	10.		z200	60⅞	60⅛	60⅛	–1
87	17	AlaP pf 8.28		10.		z100	81⅛	37⅛	21⅛	– ⅛

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

AMEX COMPOSITE PRICES

4pm prices September 12

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2pm prices September 12

[illegible]

Continued on Page 43

AMERICA

Dow rises slightly in thin volumes before trade data

Wall Street

THE WEEK began with modest gains for equities in quiet trading while bonds were weak, *writes Janet Bush in New York.*

The major event of the week is expected to be the release tomorrow of US merchandise trade figures for July which are expected to show a seasonally adjusted deficit of $11.5bn compared with $12.5bn in June, according to a consensus of forecasts compiled by Money Market Services of Redwood City, California.

The Dow Jones Industrial Average closed 3.56 points higher at 2,072.37 in volume of only 115m shares, one of the quietest days of the year.

On the bond market, prices had stood virtually unchanged at the short end of the yield curve and up to ¼ point lower in longer-dated maturities. However, by late trading, prices had slipped further and long-dated maturities were quoted ⅝ point lower.

The yield on the Treasury's benchmark 30-year issue jumped back above 9 per cent after dipping briefly below that level last Friday and early yesterday. In late trading, the yield stood at 9.04 per cent.

Among featured stocks yesterday was Monsanto which plunged $7⅞ to $78⅝ after a Federal court jury decided to award $8.75m in a case involving the Copper-7 intra-uterine device manufactured by the company's G D Searle subsidiary. A flood of further suits against Monsanto could be in prospect now that this precedent has been set.

Macmillan was also in the spotlight, rising $¾ to $84¾. Macmillan has agreed to a $85 a share leveraged buyout offer from Kohlberg Kravis Roberts. This betters the proposal by UK-based Maxwell Communications to raise its offer to $84 a share from $80 a share previously.

Interco added $1⅛ to $71⅞. A group of investors led by the Rales brothers of Washington DC said it would be prepared to raise its offer for the company to $72 a share from $70 if Interco was prepared to release certain documents.

First Maryland Bancorp jumped $5⅞ to $33⅞ in over-the-counter trading after Allied Irish Banks offered to acquire 50.3 per cent of the company that it does not already own for $35.25 a share.

Armtek fell $⅝ to $45⅞ after the company said it had reached a definitive agreement to be acquired by Mark IV Industries for $46 a share. Mark IV slipped $⅛ to $10⅞.

Dow Jones fell $1⅛ to $33⅞. Its third quarter earnings have been hit by losses in advertising revenue and will be below $36.9m or 38 cents achieved a year ago. Rentera Holdings ADRs, traded on the over-the-counter market, added $1⅛ to $23⅞.

United Telecommunications, one of the most actively traded stocks on the New York Stock Exchange, added $1⅞ to $37⅞. The company said its US Sprint joint venture with GTE would record a third quarter pre-tax loss of no more than $35m compared with the loss of $165m a year earlier. GTE rose $⅝ to $42⅞.

CNW, the railroad holding company covering the Chicago and north-west regions, added $⅝ to $27⅞. Congress passed legislation which settled a dispute about crew sizes and ended a strike which had threatened to close down the company's railroad operations.

Crude oil prices fell below the $14 a barrel mark yesterday on the New York Mercantile Exchange and oil stocks weakened. Exxon slipped $⅝ to $44⅞ and Mobil edged $¼ lower to $42⅞.

Canada

FALLING golds, energy issues and base metals dragged share prices down in Toronto during quiet trading.

The composite index, which had dropped about 20 points in earlier trading, fell 13.3 to 3,255.9. Declines led advances by 494 to 261 on volume of 17.5m shares.

ASIA PACIFIC

Nikkei rallies modestly as interest rate fears recede

Tokyo

STABLE interest rates overseas and lower crude oil prices helped share prices stage a modest rally yesterday on slightly lower volume, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average rose 109.64 to 27,756.74 on turnover of 768m shares, down moderately from Friday's 784.6m. The day's high was 27,758.97 and the low 27,638.79. Advances outnumbered declines by 508 to 332 with 189 issues unchanged.

In London, Japanese shares continued to climb, with the ISE/Nikkei 50 index rising 3.83 to 1797.09.

Investors in Tokyo remained somewhat wary pending the release of the July US trade deficit figures, due tomorrow. Japanese merchandise trade figures for August, published after the market closed, revealed an unexpected fall in the surplus, which could lead to renewed pressure on the yen, analysts said.

Nevertheless, trading on the equities market was active enough to suggest a return of some confidence.

As fears of rising interest rates in Japan receded for the time being, demand centred on large capital steel stocks, bouncing off to shipbuilding and later to blue chip high-tech issues.

Volume in steel and shipbuilding issues was not high but prices rose as investors held on to those stocks in the expectation of further share price gains in the near future.

Among steels, Kawasaki Steel, the most heavily traded issue at 136m shares, gained Y23 to Y781. Nippon Steel, the second most active stock with 97.6m shares dealt, added Y28 to Y745. NKK, third busiest with 80.7m shares, gained Y23 to Y715. Nisshin Steel also rose, finding Y50 to Y1,290.

Shipbuilding issues were sought on the basis of recent underperformance. Mitsui Engineering and Shipbuilding rose Y31 to Y631 while Hitachi Zosen gained Y35 to Y440.

Blue chips such as Hitachi and Toshiba also advanced, with the former up Y60 at Y1,710 and the latter Y40 higher at Y1,090.

Construction companies benefited in part from expectations of improved profits as a result of planned extensions of rapid transit and railway lines – from Tokyo to Narita airport, and from Tokyo to Tsukuba – as well as a trans-Tokyo Bay Road.

Ohbayashi led the construction sector higher with an increase of Y38 to Y957. Taisei Construction put on Y28 to Y931, while Shimizu advanced Y30 to Y1,020.

The bond market moved narrowly throughout the day. The yield on the benchmark 105th bond finished at 5.175 per cent in large-lot trading. It was down 0.005 of a point but later fell slightly further in inter-dealer activity.

The Osaka market was relatively buoyant, with the OSE average up 130.88 at 26,572.12. Volume rose to 95m shares from Friday's 82m. Kawasaki Steel was the most actively traded issue in Osaka at 1.1m shares and rose Y23 to Y780. Nippon Mining, the second most heavily traded, was up Y20 at Y955.

Roundup

TRADING was lacklustre in Asia Pacific markets as investors waited for direction from leading world stock markets.

HONG KONG saw volumes slump to their lowest for two years amid pessimism over short-term prospects for the market. The Hang Seng index lost 27.62, or 1.1 per cent, to 2,468.94.

The value of turnover fell to HK$334.86m, compared with HK$390m on Friday. Yesterday's trading was the lowest since September 18, 1986.

Cheung Kong dropped 20 cents to HK$7.10 and Hongkong Land fell 10 cents to HK$7.95. Hongkong Bank lost 5 cents to HK$6.

AUSTRALIA was knocked by the fall in the bullion price, with declines among resource stocks leading the way down. The All Ordinaries index dropped 28.3 points to 1,517.2.

Institutions stayed on the sidelines amid fears of further falls and in the absence of a firm lead from overseas.

Leading miners suffered, with CRA off 40 cents at A$8.20 and Western Mining down 28 cents at A$4.90. Among golds, Metana lost 30 cents to A$6, Emperor 25 cents to A$4.20 and Placer Pacific 16 cents to A$2.02.

FAI Insurance, one of the worst performers last week with a 9 per cent drop, regained some ground, closing up 5 cents at A$3.75.

SINGAPORE ended almost unchanged after a session marked by sporadic bargain-hunting and profit-taking, with the Straits Times industrial index up 1.92 at 1,065.45.

The financial sector, which last week fell by 3 per cent, ran into further profit-taking, with the banks OCBC and DBS losing 10 cents each to S$7.65 and S$8.05, respectively.

The market is expected to remain somnolent for the near-term at least, says Hoare Govett in its latest equity strategy report. "The direction of the market has ceased to be dictated by local factors, with sentiment being influenced by fears of rising interest and inflation rates in the major industrial nations."

TAIWAN fell for the fifth consecutive session, with bank stocks leading the way lower. The weighted index lost 47.68 to 7,581.59.

Oslo's gains disappear into the yield gap

Karen Fossli looks at trading trends in the smallest of the Scandinavian markets

The Oslo stock market, unable to recover to the lofty levels experienced before Black Monday, is suffering from a lack of long-term shareholder commitment, competition from high-yielding bonds and a marked lack of liquidity.

The furthest ahead that investors are looking is nine months, and the best scenario during that time-frame is a flat to slightly better index, according to analysts.

The contrast with its Nordic cousin, Sweden, is pronounced. Sweden is a very liquid market with net borrowings "next to nil," says Mr Tim Youngman, analyst at SBCI Savory Milln, while Norway "is very highly geared with net borrowings equivalent to well over 100 per cent of shareholders' funds."

Sweden is also supported by long-term institutional investors. In Norway, by contrast, institutional investors reduced their share of the equity market from 17.7 per cent at the end of 1986 to 15.9 per cent at the end of 1987, according to a report by Christiania Bank.

More recently there has been divestment by the banks, according to Mr Ole Gladhaug, head of Christiania's securities division. The banks have cut their equity portfolios to account for 4.9 per cent of the market now from 5.9 per cent just before the crash. On the other hand, life insurance companies and mutual funds have raised their portfolios to 3.4 per cent and 4.3 per cent respectively from 2.2 per cent and 2.5 per cent pre-crash.

Between the end of 1986 and the end of last year, foreigners' shareholdings in Oslo rose from 21.4 per cent to 22.3 per cent. The problem is that these tend to be short-term commitments only.

The share of the market held by manufacturers, shipping and investment companies has remained level at about the current 30.8 per cent for the past four years.

Individual shareholdings rose from 21.6 per cent to 22.5 per cent at the end of last year. Small investors have held onto their strong market position in spite of the crash and economic austerity measures in the middle of last year, which included a freeze on dividend increases, wages and prices and the introduction of a share turnover tax.

Mr Gladhaug says that there was selling by individuals after the crash, but their share of the market had built up so strongly during 1987 that it still ended the year higher than 1986. However, the 1986 figure was some way below the share of 26.9 per cent held by individual investors in 1984.

He maintains that there will be little chance of a recovery in the Oslo stock market as long as the dividend yield gap remains so wide. The gap is currently about 11.2 per cent, with government bonds yielding 13.8 per cent and the effective yield on shares at an aggregate 2.6 per cent.

Another trend that has depressed share prices has been identified by Christiania as the decrease in cross-holdings – shares held by one listed company in another.

In 1985 cross-holdings accounted for about 22.8 per cent of the market. By the end of 1987, that figure had fallen to 18.7 per cent. Increases in interest rates meant companies could no longer afford to fund their holdings, and they faced difficulties raising cash in the new issues market. The alternative was to sell off assets – shares being high on the list.

Mr Chris Honnor, a senior analyst with London-based Kleinwort Grieveson, is reasonably bullish on Oslo because the "stocks are cheap." He is, however, concerned about the spate of rights issues and the climbing interest rates which characterise Oslo.

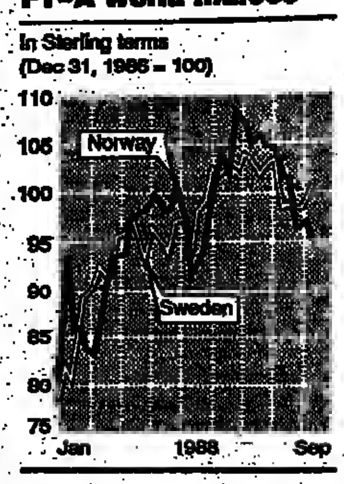
He also believes liquidity is a problem. "The government policy is obviously designed to squeeze the domestic economy, which means there's not much money about."

Although Kleinworth Grieveson thinks the market is cheap, it is not buying aggressively in the short-term. However, it believes that when things do change – and that may take some time – they will change fast, so "it's best to take a position now rather than when it may become more difficult.

"We fundamentally believe in the market, but we are not overly-aggressively bullish as we have been."

For the rest of this year the market is dependent on external factors, Mr Honnor says. "A weak oil price doesn't help in terms of foreign sentiment towards Norway because Norway and oil go hand-in-hand, and this affects a large number of Norwegian stocks."

FT-A World Indices



EUROPE

Frankfurt leads advance in better turnover

A ROSIER view permeated leading bourses yesterday, though there was no clear trigger for the change in sentiment. Zurich was closed, *writes Our Markets Staff.*

FRANKFURT saw most of the action, with volume rising to a moderate DM3.26bn worth of domestic shares compared with last week's levels of little over DM2bn.

Shares moved higher on both local and overseas interest, with buying reported from the UK. The motivation appeared to be both technical and fundamental, with some professionals forced to cover short positions as the market revived, and the improved outlook on interest rates encouraging genuine buying.

The bond market was strong again, having rallied throughout last week, and bond yields have retreated to the point where equities are beginning to look more attractive again, said one analyst. Meanwhile the pressure for higher interest rates has faded for the time being, helping companies with high borrowing costs.

The FAZ index at midsession had climbed 5.05 to 495.24, with the psychological resistance level of 500 once again in sight. It was just off its high for the year of 495.78 on July 8. The DAX index closed up 20.57, or 1.7 per cent, at 1,207.18.

Siemens gained DM14.20 to DM450 and BMW added DM6.80 to DM508.80 as speculation continued over a possible link-up between the two. Siemens also attracted buying on its status as a capital spending stock, likely to benefit from steady interest rates.

Utilities improved on the interest rate theme, as did insurer Allianz, up DM30 at DM1,584, and Deutsche Bank, DM14.20 higher at DM489.

In cars, Daimler powered DM11 ahead to DM682, and VW sped away by DM5.10 to DM257.10. Engineering stock MAN was up 50 pfg at DM198.50 before announcing a full DM1 increase in its dividend to DM5.50.

Bonds gained up to 10 pfg, with the yield on the July 1998 federal bond at 6.64 per cent after 6.65 per cent on Friday.

PARIS appeared to shake off some of its recent worries over interest rates, and share prices ended higher, albeit in relatively low volumes again.

The early firmness of the franc against the D-Mark helped sentiment, after fears of a weekend realignment in the European Monetary System proved misplaced. Trading was somewhat restricted by the wait for the US trade figures tomorrow, but there was little of the panic seen in earlier months before the release of the data.

The CAC General index was off 0.2 at 351.5 and the OMF 50 index rose 2.89 to 354.82. One European analyst said: "The market seems to be in a better mood, though there's no rhyme or reason to it. Investors just seem to be prepared to look on the bright side."

CCF saw heavy trading, and 902,200 shares changed hands, with a single block of 100,000 shares reported. The stock fell 80 centimes to FFr134.20.

Agence Havas, active on Friday in response to press reports of an imminent restructuring of hard core shareholdings, fell back, ending down FFr7 at FFr694.

Pernod, which took a beating last week as the battle with GrandMet for Irish Distillers developed, picked up FFr18 to FFr1,027. The group heard that GrandMet has increased its Distillers stake to 20.1 per cent.

AMSTERDAM finished modestly higher but turnover remained moderate, estimated by traders at a little more than Friday's Fl 204m. The CBS all-share index edged up 0.4 to 96.0 despite a fall in the dollar during the session.

There were few features, but NMB bank dropped Fl 5.50 to Fl 189 as takeover speculators moved out in response to the news on Friday that it was studying co-operation with the state-owned Postbank.

Insurer Aegon, subject of a UK broker's recommendation, added Fl 1.30 to Fl 85.80.

MILAN eased in very thin trading, with the Comit index off 1.26 at 516.19 as the market remained cautious about government moves on the 1989 Budget, public wage settlements, parliamentary reforms and the lira, which is currently under pressure.

The index has fallen 4.3 per cent from its summer peak of 539.29 on August 2.

MADRID fell back as investors sat on the sidelines awaiting the release next Monday of inflation figures for August. The general share index lost 2.18 to 275.93, with banks, chemicals, construction and food stocks all lower.

BRUSSELS rose, with utilities remaining in the spotlight. The cash index added 26.34 to 4,997.71.

Intercom added another BFr40 to BFr3,455, with 24,350 shares changing hands.

Wire maker Bekaert, which announced a 39 per cent rise in interim profits on Friday, closed BFr150 up at BFr11,500.

HELSINKI closed marginally weaker in thin volume with the Unitas all-share index off 0.3 at 713.9.

London

INTERNATIONAL blue chips saw moderate gains, with Glaxo leading the sector higher as demand outstripped supply.

The London market ended on a positive note after the release of encouraging economic news. The FT-SE 100 index rose 6.2 to 1,744.6.

SOUTH AFRICA

A DROP in the bullion price led to lower gold share prices in spite of a sharp weakening in the financial rand, which failed to provide much of a floor for losses.

Vaal Reefs dropped R11 to R237 and Harties fell 75 cents to R20.25. In mining financials, Anglos lost 75 cents to R51.75.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY SEPTEMBER 12 1988					FRIDAY SEPTEMBER 9 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (86)	138.08	–2.5	120.70	114.61	4.07	141.65	123.75	116.92	152.31	91.16	169.57
Austria (16)	87.43	–0.3	76.42	83.83	2.50	87.68	76.60	84.02	98.18	83.72	97.31
Belgium (63)	115.76	+0.6	101.19	112.05	4.50	115.03	100.49	111.34	139.89	99.14	129.62
Canada (126)	116.20	–0.2	101.58	104.21	3.33	116.48	101.76	104.55	128.91	107.06	135.84
Denmark (39)	125.51	+0.0	109.72	121.07	2.46	125.50	109.64	121.27	132.72	111.42	115.70
Finland (26)	116.84	+0.6	102.14	107.41	1.60	116.14	101.46	106.78	139.53	106.78	–
France (128)	92.56	+0.9	80.91	91.15	3.56	91.75	80.16	90.56	99.62	72.77	114.84
West Germany (100)	77.38	+1.3	67.64	74.22	2.49	76.38	66.73	73.46	80.79	67.78	102.93
Hong Kong (46)	100.64	–1.3	87.98	100.91	4.82	101.97	89.08	102.21	111.86	84.90	145.86
Ireland (18)	131.05	–1.0	114.56	127.09	3.73	132.39	115.66	128.69	144.25	104.60	141.90
Italy (100)	70.39	+0.1	61.53	72.49	2.77	70.34	61.46	72.70	81.74	62.99	85.10
Japan (456)	159.99	+0.6	139.85	134.91	0.54	158.96	138.88	134.25	177.27	133.61	142.48
Malaysia (36)	138.93	+0.0	121.44	141.68	2.75	138.87	121.32	141.49	154.17	107.83	178.99
Mexico (13)	150.05	+0.4	131.17	374.87	1.45	149.38	130.50	373.36	180.07	90.07	407.93
Netherland (38)	102.71	+0.6	89.79	97.60	4.71	102.06	89.17	97.19	110.66	95.23	126.31
New Zealand (20)	71.16	–1.8	62.21	61.04	6.13	72.45	63.29	61.51	84.05	64.42	133.17
Norway (25)	108.46	–0.3	94.82	101.18	2.96	108.84	95.08	101.74	132.23	98.55	177.02
Singapore (26)	122.05	–0.2	106.69	114.40	2.40	122.32	106.86	114.73	135.89	97.99	172.51
South Africa (60)	103.68	–5.1	90.63	87.16	4.94	109.27	95.46	87.65	139.07	103.68	184.39
Spain (43)	138.26	–0.3	120.87	129.05	3.50	138.63	121.12	129.81	164.47	130.73	161.63
Sweden (35)	116.31	+1.0	101.67	110.24	2.59	115.20	100.64	109.28	125.50	96.92	131.38
Switzerland (55)	74.89	+0.5	65.46	72.12	2.37	74.48	65.07	72.12	86.75	74.13	107.43
United Kingdom (323)	123.10	+0.3	107.61	107.61	4.74	122.73	107.22	107.22	141.18	120.66	152.48
USA (580)	109.05	–0.1	95.32	109.05	3.65	109.11	95.33	109.11	112.47	99.19	131.87
Europe (1009)	101.50	+0.5	88.72	93.85	3.89	100.99	88.23	93.50	110.82	97.01	126.44
Pacific Basin (670)	156.75	+0.5	137.03	132.70	0.76	155.99	136.28	132.21	172.26	130.81	143.65
Euro-Pacific (1679)	134.66	+0.5	117.71	117.23	1.71	134.00	117.07	116.79	147.53	120.36	136.83
North America (706)	109.41	–0.1	95.64	108.77	3.63	109.49	95.66	108.85	113.29	99.78	132.08
Europe Ex. UK (686)	87.96	+0.7	76.89	85.43	3.18	87.37	76.33	85.08	92.99	80.27	110.28
Pacific Ex. Japan (214)	117.86	–1.9	103.03	105.04	4.29	120.19	105.00	106.70	128.27	87.51	158.09
World Ex. US (1878)	133.73	+0.4	116.90	116.60	1.79	133.16	116.33	116.20	146.49	120.26	137.48
World Ex. UK (2135)	124.23	+0.3	108.60	114.63	2.17	123.91	108.25	114.40	131.77	111.77	133.58
World Ex. So. Af. (2398)	124.24	+0.3	108.61	114.14	2.39	123.88	108.22	113.89	132.39	113.26	134.94
World Ex. Japan (2002)	106.93	+0.0	93.47	103.32	3.76	106.94	93.43	103.31	112.43	100.00	131.83
The World Index (2458)	124.12	+0.3	108.50	113.96	2.40	123.79	108.15	113.72	132.38	113.37	135.26

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Danish prices were not fully updated due to technical problems at the Copenhagen exchange.
Swiss market closed on September 12.